

Welcome to Regina International Airport  
**It's Your Airport**

## Taking Flight



Annual Report 2008



Regina Airport  
Authority Inc.







# Taking Flight

It's Your Airport

**It's Your Airport**



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**Regina Airport  
Authority Inc.**

# mission

TO MANAGE AND OPERATE OUR AIRPORT IN A SAFE, SECURE, EFFICIENT,

COMMERCIALLY VIABLE AND ENVIRONMENTALLY RESPONSIBLE MANNER  
statement



A large silhouette of an airplane is shown against a dramatic sunset sky. The sky transitions from a deep orange near the horizon to a pale blue at the top, with wispy clouds catching the low light. The airplane's tail fin is the most prominent feature, pointing towards the upper right. The wings and landing gear are visible in the lower half of the frame.

# vision

A SUSTAINABLE AND CUSTOMER SERVICE FOCUSED GATEWAY AIRPORT THAT ENHANCES



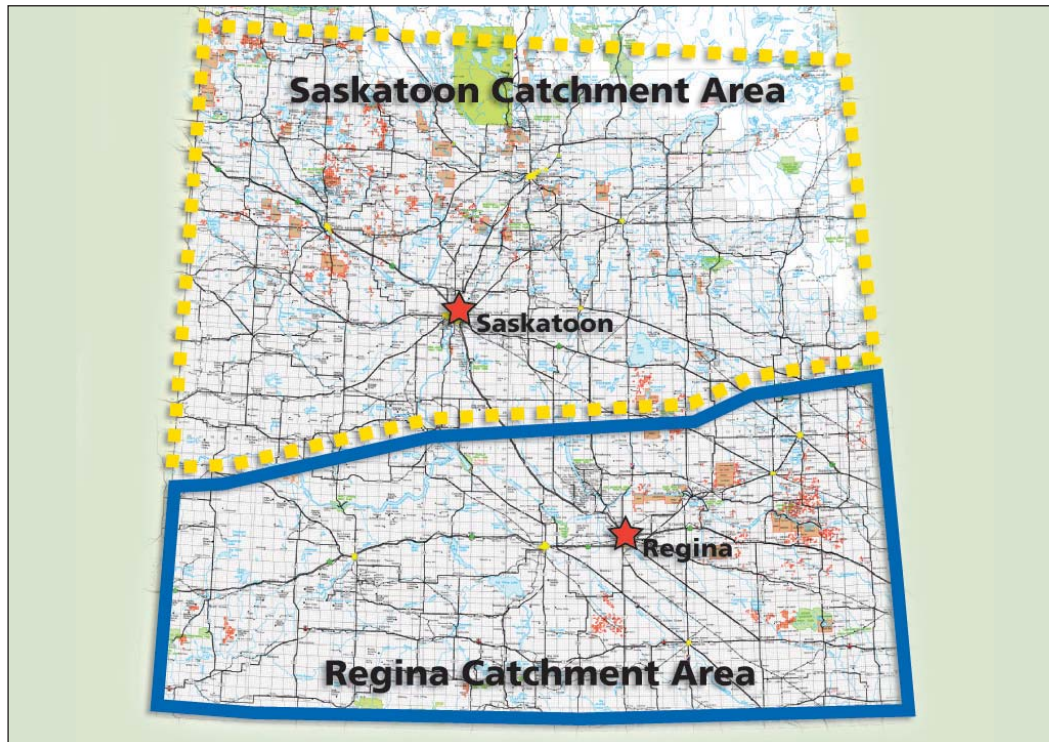


ECONOMIC GROWTH AND ACCESS TO REGINA AND SOUTHERN SASKATCHEWAN

s t a t e m e n t

# corporate profile

Regina Airport Authority Inc. (RAA) operates Regina International Airport on behalf of businesses and residents of Southern Saskatchewan with an identified catchment area of close to 500,000 as illustrated below.



## Fundamental Beliefs and Values

To successfully realize its Vision and achieve its Mission the RAA must:

- **Act ethically and with integrity:** we understand the power of a trusted relationship with our partners and community.
- **Meet or exceed all applicable safety, security and environmental regulations:** the well-being of our customers and employees, and the preservation of our facilities dictate that we meet the highest possible standards.
- **Be fiscally responsible:** to ensure that RAA can sustain and grow, we need to manage our operations and develop our facilities in a financially prudent manner.
- **Develop effective communications programs:** we will develop communication strategies that reinforce the understanding of our contribution to the Saskatchewan economy and actively engage our community and business partners.
- **Consistently excel at meeting customer and stakeholder expectations:** we will actively seek to understand customers' needs and meet or exceed them.
- **Promote positive and respectful labour relations:** every level in the organization makes a contribution which is valued and deserves to be heard and recognized.
- **Develop our employees to realize their potential:** we believe engaged employees will enable us to realize our Vision.
- **Be adaptive:** change is a constant in our business environment; we understand the underlying risks and plan for the unexpected.

➡ We understand the power of a trusted relationship with our partners and community

**It's Your Airport**

# board of directors

BOARD MEMBER: Frank Flegel, Secretary (2003)  
 NOMINATOR: *City of Regina*  
 OCCUPATION: *Retired – Media Relations Consultant*  
 COMMITTEES: *Governance and Nominating Committee*  
 REMUNERATION: \$9,284  
 BOARD MEETING ATTENDANCE: 8/8

BOARD MEMBER: Garry Johnson (2006)  
 NOMINATOR: *Government of Canada*  
 OCCUPATION: *Lawyer, Partner, McCrank Stewart Johnson*  
 COMMITTEES: *Governance and Nominating Committee*  
 REMUNERATION: \$1,933  
 BOARD MEETING ATTENDANCE: 1/3

BOARD MEMBER: Bob Linner (2006)  
 NOMINATOR: *Province of Saskatchewan*  
 OCCUPATION: *Retired – City Manager City of Regina*  
 COMMITTEES: *Audit and Finance Committee*  
 REMUNERATION: \$6,850  
 BOARD MEETING ATTENDANCE: 7/8

BOARD MEMBER: David MacLeod (2002)  
 NOMINATOR: *City of Regina*  
 OCCUPATION: *Retired – Professional Engineer*  
 COMMITTEES: *Governance and Nominating Committee*  
 REMUNERATION: \$6,850  
 BOARD MEETING ATTENDANCE: 7/8

BOARD MEMBER: Brian Martynook (2002)  
 NOMINATOR: *City of Moose Jaw*  
 OCCUPATION: *Executive Director, Moose Jaw Chamber of Commerce*  
 COMMITTEES: *Chair, Community Consultative Committee; Governance and Nominating Committee*  
 REMUNERATION: \$10,550  
 BOARD MEETING ATTENDANCE: 8/8

BOARD MEMBER: Catherine Roberts (2005)  
 NOMINATOR: *City of Regina*  
 OCCUPATION: *Accountant and currently studying Engineering at the University of Regina*  
 COMMITTEES: *Governance and Nominating Committee*  
 REMUNERATION: \$7,733  
 BOARD MEETING ATTENDANCE: 8/8

BOARD MEMBER: Blair Ross (2008)\*  
 NOMINATOR: *Government of Canada*  
 OCCUPATION: *President and Chief Operating Officer SRG Security Resource Group Inc.*  
 COMMITTEES: *Governance and Nominating Committee*  
 REMUNERATION: \$4,317  
 BOARD MEETING ATTENDANCE: 6/8

BOARD MEMBER: James Rybchuk (2007)  
 NOMINATOR: *City of Regina*  
 OCCUPATION: *Lawyer, Partner, McDougall Gauley LLP Adjunct Professor Law – University of Regina*  
 COMMITTEES: *Chair, Governance and Nominating Committee, Community Consultative Committee*  
 REMUNERATION: \$7,817  
 BOARD MEETING ATTENDANCE: 7/8

BOARD MEMBER: Larry Schneider, Chair (2002)  
 NOMINATOR: *City of Regina*  
 OCCUPATION: *Past Mayor, Regina; Former Minister Western Diversification and Canada Post; Semi-retired*  
 REMUNERATION: \$24,750  
 BOARD MEETING ATTENDANCE: 8/8

BOARD MEMBER: Larry Smart (2007)  
 NOMINATOR: *R.M. of Sherwood*  
 OCCUPATION: *Retired – Director, Distribution Utility Accounting, SaskEnergy Incorporated*  
 COMMITTEES: *Audit and Finance Committee*  
 REMUNERATION: \$7,150  
 BOARD MEETING ATTENDANCE: 8/8

BOARD MEMBER: Vaughn Solomon-Schofield (2007)  
 NOMINATOR: *City of Regina*  
 OCCUPATION: *President and CEO Western Limited Group of Companies*  
 COMMITTEES: *Audit and Finance Committee*  
 REMUNERATION: \$7,150  
 BOARD MEETING ATTENDANCE: 8/8

BOARD MEMBER: David Walsh (2006)  
 NOMINATOR: *Regina Airport Authority*  
 OCCUPATION: *Principal – Virtus Group LLP, Chartered Accountants and Business Advisors*  
 COMMITTEES: *Chair, Audit and Finance Committee*  
 REMUNERATION: \$8,150  
 BOARD MEETING ATTENDANCE: 8/8

BOARD MEMBER: Patricia Warsaba, Vice Chair (2000)  
 NOMINATOR: *Government of Canada*  
 OCCUPATION: *Lawyer, Robertson Stromberg Pederson LLP*  
 COMMITTEES: *Audit and Finance Committee*  
 REMUNERATION: \$7,850  
 BOARD MEETING ATTENDANCE: 7/8

TOTAL REMUNERATION  
 \$110,384  
 (2007 - \$94,484)

\* New Board Member replaced Garry Johnson who left the board following the Annual General Meeting.





Back Row, l to r: James Rybchuk, James Hunter, Bob Linner, Larry Smart, Brian Martynook, David Walsh  
 Front Row l to r: Catherine Roberts, Larry Schneider, Blair Ross, Frank Flegel, David MacLeod, Patricia Warsaba, Vaughn Solomon-Schofield  
 Missing: Garry Johnson

President and CEO, James Hunter, joined the Authority March 1, 2008.  
 Note: President & CEO is the sole employee of the Board and not a Director.

## Board Remuneration

Effective January 1, 2008, Board remuneration increased as follows as a result of a third party independent study conducted in April 2007. The next independent formal compensation review is planned for 2010.

Board Position	2008	2009
Regular Board Member	\$4,000	\$4,500
Committee Chairs	\$5,000	\$5,500
Task Force Chairs	\$5,000	\$5,500
Chair	\$15,000	\$15,000
Vice Chair	\$5,000	\$5,500

All Board members including the Chair receive per diems of \$300 for each Board meeting attended. Further, \$150 per diems are paid for attendance of nominators and public meetings. Per diem rates are paid at \$600.00/day and/or \$300/half day (3 hours or less) and includes time for travel and attendance for authorized business and training.

Note: Per diems do not apply for attendance of committee meetings.

It should be noted that the Board incurred \$28,909 in expenses during the year (2007 - \$24,743) in conducting its responsibilities. These amounts include dollars spent on training orientation and participation in industry interest groups.



# executive summary

## Airport Master Plan 2007 – 2027 Regina International Airport

In the fall of 2007, Regina Airport Authority Inc. (RAA) commissioned the consulting team of Pryde Schropp McComb, Inc., Saunders Evans Architects Inc., SCOTT Associates Architects Inc., and Derek Murray Consulting and Associates to update the Airport Master Plan. The Airport Master Plan is intended to be a blueprint for future development of the Regina International Airport (YQR), which is managed and operated by the Regina Airport Authority (RAA). This plan is a description of the most appropriate development options regarding land use, facilities, and services required to ensure YQR meets its strategic objectives and accommodates expected levels of traffic over the next 20 years. It builds upon the previous Land Use Plan and is guided by the progressive efforts of the RAA since taking over the operation of the facility in 1999. The Airport Master Plan also serves to address the requirements of the Transport Canada Ground Lease Agreement which requires periodic reviews and updates to the Airport Master Plan at ten (10) year intervals.

The Airport Master Plan involves a planning process that looks 20 years into the future and in this case is intended to capture the period 2007 to 2027. It has to provide forward thinking and progressive initiatives, and be sensitive to current fiscal, environmental and community needs. Consultation with stakeholders, as well as government, industry, and related community interests has been an integral part of its preparation.

This Airport Master Plan put particular emphasis on exploring groundside development and strategic business development while protecting the core aeronautical business. The overriding objectives of the RAA are to diversify its revenue base to better manage future variability in the airline industry and to address an apparent interest in commercial development at the airport based on increased inquiries over the last number of years.

## Implementation Hierarchy



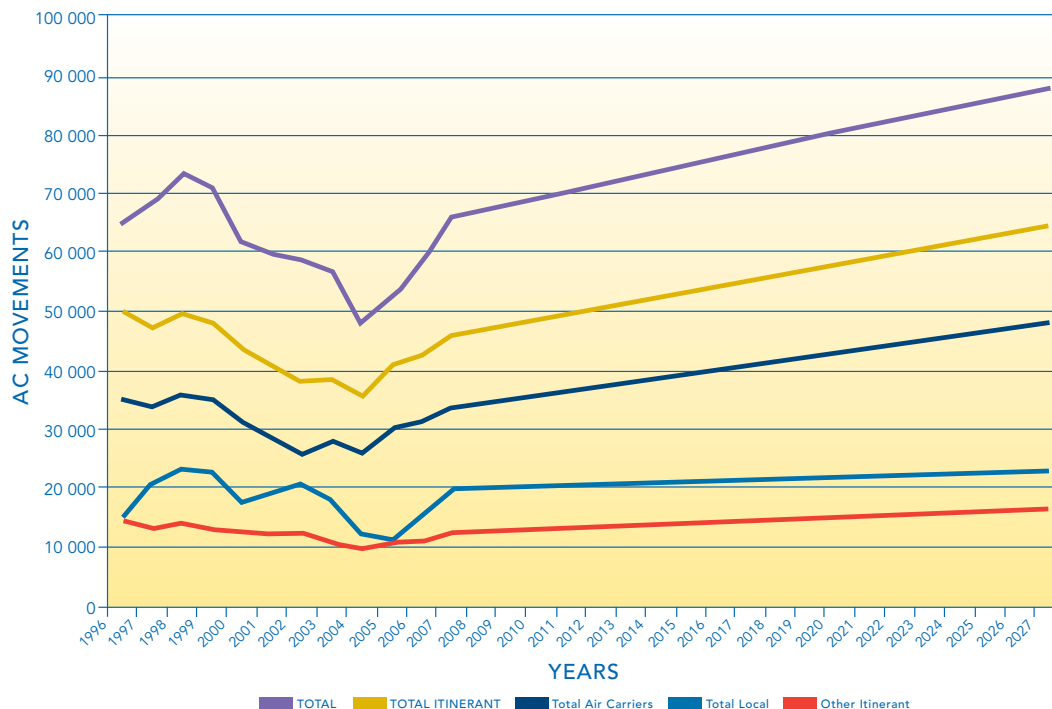
It should be noted that the Airport Master Plan is not:

- A prescribed schedule of development.
- An engineering or technical study.
- A commitment of funding.
- A project definition report.

While the report provides a much greater level of detail of the various recommendations made, the following abbreviated list was intended to capture the key strategic recommendations for implementation by the RAA over the master planning period:

- Prioritize airside improvements to focus on customer service including additional air bridges and main apron I/II expansion north and south
- Air Terminal Building enhancements including widening of the building by 9m to better manage the current air passenger peaks and to address the long-term growth in passenger volumes.
- Groundside improvements including parking lot expansions, approach road enhancements and increased terminal curbside lane lengths.
- The RAA should continue to protect their airside and groundside assets through routine rehabilitation and maintenance.
- The RAA should continue to promote its ability to serve the cargo market and to work with the City of Regina in its industrial growth initiatives.
- The RAA should develop a strategic plan for its new groundside commercial development areas.
- The RAA should use this updated Airport Master Plan to update their corporate Strategic Plan and capital planning initiatives.
- The RAA should use this Airport Master Plan and its recommendation to continue their cooperative relationships with the City of Regina and the RM of Sherwood.
- The RAA should submit this Airport Master Plan and associated updated 2027 Airport Land Use Plan to Transport Canada in accordance with the terms of the Federal Ground Lease Agreement.

## Regina Aircraft Movement Forecasts Medium Scenario 2007 - 2027



Globally, the number of movements in 2027 will be 33% higher than the estimated total of 2007. For itinerant movements, the forecast increase will be 41%.

## Summary of Land Use Descriptions and Colours

	<b>Airside System</b> occupies the largest area of land at the Airport, and includes the runway and taxiway systems including all fixed and rotary wing maneuvering areas, aprons, approach paths, and navigational aids. Also includes secondary areas associated with runway clearways, RESA, approach lighting, approach-takeoff protection areas. Protection is provided also for electronic instrumentation and Obstacle Limitation Surfaces up to 10m AGL.
	<b>Air Terminal Building Reserve</b> includes the passenger terminal and the associated infrastructure. The terminal reserve includes the land on which the Air Terminal Building (ATB) is situated as well as protects additional land to allow for future expansion or redevelopment. These lands should also recognize uses related to an airport hotel adjacent to the ATB.
	<b>Ground Transportation System Reserve</b> includes all road networks on the groundside and should also recognize uses related to an airport hotel adjacent to the ATB.
	<b>Operations Facilities Reserve</b> – Operations services are areas protected for facilities which support aviation operations at the Airport. These may include a control tower, flight service station, weather office, radar, communication towers, etc.
	<b>Airport Support Facilities Reserves</b> – Support service areas are protected for facilities relating to Airport service operations. These may include a maintenance garage, firehall, security office, utility buildings, airport administration, service roads, etc.
	<b>Airside Commercial Reserves</b> – Airside commercial land allows for uses involving equipment servicing, goods or equipment storage, light manufacture and assembly, etc. which require access to the runway system. These would include aviation-related uses like hangars, aircraft maintenance facilities, fixed base operations, airline offices, etc. This designation may also include secondary cargo uses.
	<b>Groundside Commercial Reserves</b> – Commercial land allows for uses that are customer service/value added oriented, that involve the sale of goods and services, or that provide administration functions. This might include retail stores, service stations, vehicle rentals, office buildings, hotels, etc. Commercial land will not generally have airside access. Commercial lands may also allow for uses that are zoned for light industrial.
	<b>Air cargo Reserve</b> – Defined as those uses related to air cargo which allow for aviation cargo and freight facilities which require access to the runway system. This designation may also include secondary airside commercial uses.
	<b>Airport Reserves</b> – Lands protected for long term airport use which are not required within the planning period. These lands are not yet assigned to any of the above land use designations, are held in reserve for contingency requirements, and provide an effective buffer zone for the continuance of safe airport operations. Airport reserve land may be leased for agricultural or similar short-term interim uses.

**2007-2027 Airport Land Use Plan**  
**Airport Master Plan 2007-2027 – Regina International Airport**



**LEGEND**

AIRPORT LAND  
USE DESIGNATIONS

<span style="display:inline-block; width:15px; height:15px; background-color:blue; border:1px solid black;"></span> AIRSIDE SYSTEM	<span style="display:inline-block; width:15px; height:15px; background-color:purple; border:1px solid black;"></span> OPERATIONS FACILITIES RESERVE	<span style="display:inline-block; width:15px; height:15px; background-color:orange; border:1px solid black;"></span> GROUND SIDE COMMERCIAL RESERVES
<span style="display:inline-block; width:15px; height:15px; background-color:red; border:1px solid black;"></span> AIR TERMINAL BUILDING RESERVE	<span style="display:inline-block; width:15px; height:15px; background-color:cyan; border:1px solid black;"></span> AIRPORT SUPPORT FACILITIES RESERVES	<span style="display:inline-block; width:15px; height:15px; background-color:brown; border:1px solid black;"></span> AIR CARGO RESERVE
<span style="display:inline-block; width:15px; height:15px; background-color:green; border:1px solid black;"></span> GROUND TRANSPORTATION SYSTEM RESERVE	<span style="display:inline-block; width:15px; height:15px; background-color:yellow; border:1px solid black;"></span> AIRSIDE COMMERCIAL RESERVES	<span style="display:inline-block; width:15px; height:15px; background-color:gray; border:1px solid black;"></span> AIRPORT RESERVES







➡ To ensure that RAA can sustain and grow, we need to manage our operations and develop our facilities in a financially prudent manner

**It's Your Airport**

# strategic implementation plan

RAA conducted a strategic planning exercise in the fall of 2008 setting priorities over the next five years. In order to achieve the Authority's Vision, action plans will be developed around these specific priorities as stated below:

## Maintain and Enhance Core Operations

Our primary operations are focused on safety, security, environmental responsibility, and overall operational efficiency. RAA recognizes that nearly 90% of our operational revenues are a result of the direct and/or indirect provisions of customer service through the movement of the traveling public making this area our number one priority.

## Enhance Customer Service

RAA's year over year passenger growth is approaching 40% since the completed terminal expansion (August 2005 ). This growth has placed increased pressures on RAA. To meet carrier and traveling public expectations, RAA is committed to obtaining a better understanding of pressure points in order to evolve and enhance customer service elements.

## Enhance Air Services

RAA understands its role in providing for air transportation services to and from our community. For our business to thrive we need the local business community within the region to flourish. Our emphasis is toward planned and coordinated marketing in association with the local business community.

## Current Traffic at YQR

Regina International Airport (YQR) was the fourteenth busiest airport in Canada in 2007. Based on 2001 census population data, YQR is just below the top quartile in terms of passengers per thousand head of population and above both the Canada-wide and top 37 airport average as shown on the chart below.

Departing + Arriving Seat & Load Factor Comparison				
Regina				
	2007	Seats per Thousand Population	2008	Seats per Thousand Population
Transborder	86,520	444	120,560	618
Domestic	1,068,356	5480	1,142,546	5860
Total	1,154,876	5923	1,263,106	6478
Overall Load Factor	83%	n/a	n/a	n/a

## Projected Traffic at YQR

The annual enplaned/deplaned passenger forecasts for the strategic planning period 2009 – 2014 are shown below.

Year	Low Forecast		Medium Forecast		High Forecast	
	Passengers	% Change	Passengers	% Change	Passengers	% Change
2003	725,358	-0.82%	725,358	-0.82%	725,358	-0.82%
2004	728,028	0.37%	728,028	0.37%	728,028	0.37%
2005	826,506	13.53%	826,506	13.53%	826,506	13.53%
2006	871,416	5.43%	871,416	5.43%	871,416	5.43%
2007	962,692	10.47%	962,692	10.47%	962,692	10.47%
Baseline	960,000		960,000		960,000	
2008	979,872	2.07%	988,800	3.00%	997,440	3.90%
2009	1,000,155	2.07%	1,015,498	2.70%	1,032,450	3.51%
2010	1,020,859	2.07%	1,042,916	2.70%	1,068,689	3.51%
2011	1,041,990	2.07%	1,068,989	2.50%	1,103,422	3.25%
2012	1,063,351	2.05%	1,095,714	2.50%	1,139,283	3.25%
2013	1,085,150	2.05%	1,123,107	2.50%	1,176,309	3.25%
2014	1,106,853	2.00%	1,151,184	2.50%	1,214,539	3.25%

## Create a Human Resource Strategy

RAA's growth has placed many challenges on human resources in a highly competitive environment with an aging work force. RAA will update and formulate an action plan to ensure that appropriate levels of expertise and resources are in place now and into the future in meeting public expectations.

## Create an Affordable Capital Development Plan

Airports are highly capital intensive operations; with the recently completed airport master plan, which provides for conceptual infrastructure considerations, a forward looking renewed capital plan is required. This plan will ensure resources and development plans for implementation are available to match growth and public expectations in a timely manner.

## Create a Comprehensive Business Diversification Plan

RAA manages and operates a commercial enterprise. This means all assets need to be managed with a plan. Specifically, RAA is responsible to examine and develop programs and strategies that will maximize revenue sources from all corporate resources and assets including land development. RAA will develop formalized programs, strategies and plans to achieve a comprehensive business development and diversification plan.

## Develop a Strategic Marketing Plan

RAA requires a more effective communication, messaging and marketing plan for the airport in the areas of corporate identity, customer service, communications, and business diversification strategies.



# business 2009 plan highlights

## Maintain and Enhance Core Operations

- Continue to implement a Safety Management System including the introduction of a formalized incident management / reporting system.
- Develop and publish a Reduced Visibility Operations Plan and complete associated airfield lighting and pavement marking upgrades.
- Conduct a comprehensive review of security requirements in anticipation of the introduction of Security Management Systems including a review of anticipated resources and staffing requirements.
- Environmental checklist development that includes a review of our current environmental policy statement and implementation of environmentally friendly initiatives as practical.
- Update the current Wildlife Management Plan to incorporate a wildlife inventory.
- Conduct a five year Performance Review as required under the ground lease with the Crown.
- Work with stakeholders to address peak congestion and demand issues.

## Enhance Customer Service

- Implement ground transportation recommendations from the 2008 study.
- Complete external and internal customer service surveys to assist with planning and management of airport assets.
- Look for opportunities to improve airport services in parking, curbside access, food and beverage and in general all other areas looking for enhancement.

## Enhance Air Services

- Attraction of additional transborder services and increased domestic frequencies.
- Look at attracting Ottawa direct service.
- Establish formalized and regular dialogue with all carriers to ensure airline operators know and understand the Regina market when considering scheduling options and fleet enhancement.
- Update our Airport Economic Impact data to better inform our customers of RAA's role in the community and attraction of increased service options.





### **Create a Human Resources Strategy**

- Conclude collective bargaining agreement that has expired as of 30 June, 2008.
- Address immediate staffing needs in support of core activities.
- Develop an updated human resources strategy to ensure RAA is positioned to meet future growth and to match resources to deliver strategic objectives.

### **Create an Affordable Capital Development Plan**

- Update our Long Range Capital Plan building on considerations and conceptual components of recently updated Master Plan, life cycle considerations and strategic objectives set by Board and related capital funding options.

### **Create a Comprehensive Business Plan**

- Carry out a feasibility assessment of land and business development options for the airport leading to the development of a formalized business planning document and footprint for development.

### **Create a Strategic Marketing Plan**

- Develop a formalized plan to effectively enhance and promote RAA's corporate identity, customer service, communications, past successes and business diversification initiatives.

➡ We will actively seek to understand customers' needs and meet or exceed them

**It's Your Airport**

# chair message



As you will see in the following messages and reports, this has been a banner year for 'your airport'. Records were set in passenger throughput with YQR attaining its 1,000,000th passenger in December of 2008. As well, with the maintenance of current service levels, the introduction of new services and the upgrading and expansion of facilities, 'your airport' has been able to keep up with the phenomenal economic growth experienced by both southern Saskatchewan and Regina over the last twelve months.

Your Board of Directors has made every effort to enable and guide the RAA's Management team in a number of important and innovative ways. 2008 saw the Board's approval of the Regina Airport Authority's Master Plan and the Board's follow-through on that document with its participation with Management in a Strategic Planning session that has produced a strategic plan that will see more innovative use of the airport's lands while maintaining the safe, secure and efficient operation of the Regina International Airport through the next five years.

This past year also saw a partial changing of the guard on the board, with the departure of Mr. Garry Johnson and the arrival of his replacement, as nominated by the Government of Canada, Mr. Blair Ross. Many thanks for your service to the RAA, Garry, and welcome aboard Blair! I would also like to take this opportunity to thank all members of the Board for their hard work and contributions to the success of our airport over the past year. Your flexibility and dedication are greatly appreciated and I look forward to working with you in the upcoming year.

Along with other airport authorities, the RAA continues to dispute that Transport Canada's insistence on paying rent (we call it a tax) for the space that is occupied by the airport is a reasonable expectation. It makes no sense to the aviation industry in Canada that Airport Authorities should have to pay for a facility that is owned by the Crown and is used to provide a federal service, especially when the Airport Authorities already pay for the cost of their operations. In 2008, this tax amounted to an extra cost to the RAA of approx. \$350,000.

In spite of this, the Board and the Management team here at the Regina Airport Authority are determined to make 2009 an even more successful year for the airport. I commend and congratulate the Management and staff of the RAA for this banner year and task them now to work with the same diligence as they have proven to be capable of as we continue to maintain our vision and work towards our mission of managing and operating our airport in the most safe, efficient, cost effective and environmentally responsible manner possible.

A handwritten signature in black ink, appearing to read 'L. Schneider'.

Larry Schneider  
Board Chair

# CEO message

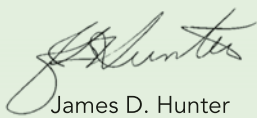
This report is my first as CEO of Regina Airport Authority Inc. (RAA) and I am pleased that the RAA's success has continued since I assumed this position in March. Records have been set in both annual and monthly passenger movements, and the airport has continued to pursue projects and initiatives that will allow it to keep pace with southern Saskatchewan's and Regina's economic growth.

Our business plan objectives were varied and ambitious for 2008, and I am happy to report we have maintained our aims therein. These corporate objectives included maintaining a safe, secure and environmentally responsible operation, and the RAA has done so, even in the face of record growth, and in a financially viable and cost competitive manner, as you will see in the reports that follow. The Regina International Airport handled over 1,000,000 passengers for the first time in its history (an increase of 4.4%), and if the first months of 2009 are any indication, that growth will continue, perhaps, however, at a lower rate due to the world economic situation. In order to meet the increased pressure on our operations, we anticipate the acquisition and installation of two more jetways at the airport, bringing our total to seven. As well, our parking lot expansion will be completed this spring, and this, coupled with the addition in 2008 of an extra security line, will ensure the secure and efficient handling of our passengers well into the future.

That future has also been addressed by the RAA this past year with the completion of the Authority's Master Plan which offers a guide to future development of the Airport and its lands over the next 20 years. From this also the RAA management team, in close co-operation with the Board, developed a practical strategic plan that will enable our future planning in more detail over the next 5 years. Of particular note, a major part of this strategic plan is the more orderly and focused pursuit of the business development of the lands the airport currently occupies.

This near future includes, of course, the development of increased air service into Regina and southern Saskatchewan. The Las Vegas non-stop flights have proven to be a great success, and increased service to Calgary, Vancouver and Toronto are planned or will be re-instituted this summer. The RAA continues to pursue increased trans-border and domestic services to give our customers the service they deserve and have worked so hard to earn.

Of course, none of this would be possible without the hard working employees of the RAA at all levels, dedicated to keeping the airport open and safely functioning in all weather, 24 hours a day. I am pleased to say the RAA successfully completed the negotiation of a new Collective Bargaining Agreement that has mutually satisfied both the needs of the Authority and the aspirations of our in scope employees, and that we all stand ready to make 2009 even more successful than our banner year of 2008.



James D. Hunter  
President and CEO



➡ We will develop communications strategies that reinforce the understanding of our contribution to the Saskatchewan economy and actively engage our community and business partners



# corporate governance

RAA is committed to implementing corporate governance practices that are aligned with those required for public companies as a non-share corporation under National Policy 58-201 Corporate Governance Guidelines, which requires disclosure of corporate governance practices.

Board membership is comprised of 11 – 13 members; currently there are 12 serving members appointed by the following governmental bodies and Regina Airport Authority Inc. as represented below:

City of Regina – 6	Province of Saskatchewan – 1
City of Moose Jaw – 1	Government of Canada – 2
RM of Sherwood – 1	Regina Airport Authority Inc. – 2 (1 position is currently vacant)

In the governance role, the Board set strategic direction approving the strategic planning document and the annual business plan. The Board provides stewardship overseeing management of RAA's business affairs through determination of policy, and the monitoring of performance and progress in meeting the objectives of the Corporation.

The Board's role is to ensure effective communication of plans and policies including appropriate transparency of processes and disclosures to the community it serves.

Directors are independent of Management. Regular Board meetings are held; written position descriptions including delineation of duties and responsibilities are in place for the Board, Chair and Committees; and further a written President and Chief Executive Officer position description including duties and responsibilities is in place.

Board orientation and continuing education processes exist as required. A written code of conduct for Directors, officers and employees is in place and available upon request. The Board is responsible for compliance and is monitored through the Governance and Nominating Committee which is responsible to review and recommend Board compensation. The Governance and Nominating Committee also carries out the annual assessment of the President and Chief Executive Officer consistent with the President and Chief Executive Officer's evaluation criteria and recommends to the Board the appropriate compensation.

The Authority utilizes three primary Committees; each committee has its own charter and/or mandate. Copies are available upon request. The three Committees include Audit and Finance, Community Consultative, and Governance and Nominating. The Board Chair sits as a member of the Nominating Committee and regularly attends all other committee meetings. Committee Chairs have provided a written summary of their activities within this annual report. A complete listing of the Community Consultative Committee membership will be provided upon request.

The auditor for RAA is KPMG LLP. Audit fees for 2008 totaled \$28,600 (\$24,000 – 2007) for non-consolidated and consolidated financial statements of Regina Airport Authority Inc. and its subsidiary, Jenny Aviation Developments Inc. .

The organization's corporate lawyer is MacPherson, Leslie & Tyerman LLP.



# c o m m i t t e e

## audit and finance

The Audit and Finance Committee is required to ensure effective audit systems are in place to inform the Board of the integrity of the financial statements and that the Authority's accounting practices are in compliance with applicable laws, its fiduciary duties, the code of conduct and other corporate policies. There is a shared responsibility of the Committee, Management, the External Auditors and the Board to ensure that there is integrity in the financial reporting, disclosure, risk management and control systems. Management is responsible for the preparation, presentation and integrity of the Authority's financial statements and for maintaining the appropriate accounting and financial reporting principles, policies, and internal controls. Procedures are designed to ensure compliance with accounting standards and applicable laws and regulations. The external auditor is responsible for planning and carrying out, in accordance with professional standards, an audit of the Authority's financial statements and internal controls over financial reporting. The Committee is responsible for reviewing the adequacy and effectiveness of these activities.

The full mandate is contained within the RAA Corporate Governance Manual and a copy will be provided upon request. The Committee will be conducting an assessment of its effectiveness to ensure that the Committee has effectively fulfilled its responsibilities as set out in its charter during the 2009 fiscal period.

### **Independent Committee**

The Board has determined that all the members of the Committee are independent under the standards identified by the Board within Appendix 'A' of Mandate of the Audit and Finance Committee.

### **Financial Literacy**

The Board has determined that the Committee is 'financially literate' within its definition as contained in Appendix 'A' of the Mandate of the Committee. In considering financial literacy, the Board looks at the ability to read and understand a balance sheet, an income statement and a cash flow statement of the Authority.

### **Membership**

This report has been approved by the members of the Audit and Finance Committee.

David Walsh (Chair); Patricia Warsaba; Frank Flegel; David MacLeod; Larry Smart; Vaughn Solomon-Schofield.

## 2008 Activities and Highlights:

During the year the Committee's activities included the following:

- Considered the scope of the annual audit plan, reviewed observations and recommendations regarding accounting and reporting matters arising from the year end audit and recommended for approval the engagement of the auditor.
- Considered management's internal controls in consultation with the external audit process for adequacy, effectiveness and integrity in exercising oversight responsibilities.
- Met regularly with the auditor without management present to review specific issues as deemed appropriate.
- Met with management without auditor present and independently as a Committee to assess the effectiveness and overall satisfaction with the auditor.
- Provided the annual review of compensation to the auditor and recommendations to the Board for auditor.
- Received written disclosure from auditor disclosing all relationships with the Authority through an independence letter and summary of provisions of services.
- Received and considered regular updates from management on changes to accounting standards and on the implementation timelines for International Financial Reporting Standards (IFRS).
- Reviewed annual insurance renewal, annual attestation provisions for ground lease compliance (financial and business matters) and enterprise risk considerations including and specifically related to financial risk and RAA plans to manage and control any risk posing a threat.
- Assisted management in coordination of an enterprise risk board educational session that also included safety management systems.
- Reviewed any and all material changes in accounting policies and practices
- Reviewed interim and year end financial statements, external auditor reports and management's discussion and analysis required for Board approval.
- Considered and recommended for Board approval Board and Executive expenses.
- Considered management business development reports and recommended for Board approval as appropriate.
- Completed the annual review of the Authority's investment policy.

The Committee met five times during 2008 to conduct its business; quarterly to review and recommend for approval to the Board financial statements and once to consider and recommend to the Board the approval of 2009 capital, operating and business plan.

I would like to thank my fellow Committee members and management for their efforts during the year.

Respectfully submitted,



David Walsh

Chair, Audit and Finance Committee



➡ Every level in the organization makes a contribution which is valued and deserves to be heard and recognized

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# committee

## community consultative

The Community Consultative Committee carries a mandate to provide for effective dialogue on matters related to the corporation as follows:

- The dissemination of information on airport matters and plans.
- Timely discussion of planning and operational matters; and
- The consideration of municipal concerns.

### Membership

The committee membership is generally representative of the community and shall include persons capable of representing the interest of consumers.

### 2008 Activities and Highlights

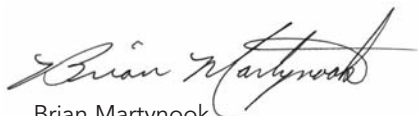
The Committee is mandated under the terms of the Ground Lease with the Crown to meet at least once annually with the community as it pertains to noise management. The Authority reported a small increase in the overall number of noise complaints over 2007 but with only seventeen total complaints, no real concerns exist with the community group. As a result, and through consultation with the Committee, no changes to the noise mitigation procedures and processes are contemplated during 2009. Other activities for 2008 included:

- RAA hosted a public forum unveiling the details of the Airport Master Plan (2007-2027) with a detailed consultant's presentation; public feedback and comments were solicited through the RAA website link assisting in the finalization of the plan. The session was followed by a roundtable and guests were encouraged to review the panel board exhibits on display; RAA personnel and the presenting consultants were available for questions.
- A review of the year to date 2008 capital and operating results were provided during the December meeting along with 2009 priorities from the draft 2009 business plan.
- Details surrounding the groundside parking, curbside and roadway improvements were highlighted; and the Committee was advised of the updated 2009 completion timelines.
- Air services enhancements and new key routes RAA is working on were highlighted along with a general roundtable discussion on current issues.

The Committee met twice during 2008.

I would like to thank all Committee members for their continued interest and support in growing our community asset – "Your Airport" – Regina International Airport.

Respectfully submitted,



Brian Martynook

Chair, Community Consultative Committee





# committee

## governance and nominating

The Governance Committee shall ensure the affairs of the Authority are conducted in compliance with statutory requirements, Bylaws, codes and approved policies and plans. Its functions include those of the Nominating Committee. The Committee assists the Board in fulfilling its responsibilities:

- ensuring appropriate orientation and training opportunities for the Board;
- assessing effectiveness of the Board and individual Directors;
- monitoring developments in corporate governance;
- identifying and recommending to Nominators, candidates for appointment to the Board and;
- reviewing and recommending to the Board the compensation of Directors and the Chief Executive Officer (CEO).

The full mandate of the Committee is contained within the RAA Corporate Policy Manual and a copy will be provided upon request.

### Independent Committee

The Board has determined that all of the members of the Committee are independent under the standards identified by the Board within Schedule "A" of the Governance and Nominating Committee Mandate.

### Membership

This report has been approved by the members of the Governance and Nominating Committee. James Rybchuk (Chair); Brian Martynook; Bob Linner; Blair Ross; and Catherine Roberts.

### 2008 Activities & Highlights

In accordance with its mandate, the Committee accomplished the following in 2008:

- Conducted the annual evaluation assessing the effectiveness of individual directors and of the Board of Directors (as a whole).
- Reviewed the amount and form of compensation of the Directors to ensure compensation is comparable and appropriate to industry benchmarks.
- Hired and developed annual corporate goals and objectives with the CEO for performance evaluation of the CEO; and recommendation for CEO compensation.
- Completed board orientation session in conjunction with RAA Management with new Board members; and assisted Management in establishing appropriate continuing education opportunities for the Board.
- Provided review and guidance on portions of RAA's Annual Report that pertain to the Committees Mandate.
- Provided review of it's Charter with amendments Board approved March 2008.
- Completed continuous monitoring of compliance with Governance principles through development of a monitoring checklist and provision of recommendations to the Board and Committees as deemed necessary or advisable.
- Continued to monitor new legislation and best practices related to corporate governance.
- Completed the annual assessment competencies of the Board in consideration of future composition requirements of the Board and identified as appropriate and consistent with the Bylaws a list of candidates for consideration by the Nominators for appointment to the Board.

➡ We believe engaged employees will enable  
us to realize our Vision

**It's Your Airport**

The Committee met on eight occasions during the year to complete several policy amendments as a result of the adoption of National Policy Statement 58-201 by the Board (January 2008). The Committee also considered the Annual Lease Monitoring Report prepared by the regulator Transport Canada noting that the Authority has a clean report.

RAA Corporate Governance Criteria Checklist follows:

## RAA CORPORATE GOVERNANCE CRITERIA

CORPORATE GUIDELINES	DOES THE RAA ALIGN	COMMENTS
<b>1. STEWARDSHIP</b>		
Board should explicitly assume responsibility for stewardship of the corporation, and specifically for:	Yes	Board is committed to accountability; responsibility to community; full Board involvement in all Board decisions and delineation of responsibility between Management and the Board.
i. Adoption of a strategic planning process	Yes	Conducted October, 2008
ii. The identification of principle risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks	Yes	Conducted September, 2008
iii. Succession planning of senior management	Yes	New CEO in 2008. Management has succession plan for Senior Management
iv. A communications policy	Yes	Policy is in place.
v. The integrity of the corporation's internal control and management information systems	Yes	Audit & Finance Committee
vi. Satisfying itself as to the integrity of the CEO and that the CEO creates a culture of integrity throughout the organization	Yes	New CEO
vii. Developing a set of corporate governance principles and guidelines that are specifically applicable to Regina Airport Authority Inc.	Yes	2007 updated using the basis of NP58-201 as applicable to Authority activities.
The written mandate of the Board should also set out:		
i. Measures for receiving feedback from stakeholders	Yes	i.e. 20 Year Master Plan 2008, Ground Transportation Study 2008, Community Consultative Committee, two meetings in 2008
ii. Expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials.	Yes	Completed assessment during 2007 updating to new standards adopted.
<b>2. COMPOSITION AND MEETINGS OF THE BOARD</b>		
i. The Board of Directors should be constituted of independent directors	Yes	100%
ii. In addition to ongoing regular meetings, the Directors should hold regularly scheduled meetings at which members of the management team are not in attendance	Yes	Opportunity and agenda item at each Committee and Board meeting



CORPORATE GUIDELINES	DOES THE RAA ALIGN	COMMENTS
<b>3. POSITION DESCRIPTIONS</b>		
i. The Board should develop clear position descriptions for the Board Chair and Committee Chairs	Yes	Reviewed/updated 2007
ii. The Board together with the CEO should develop a clear position description for the CEO which includes delineating management responsibilities. The Board should also annually develop with the CEO and approve the corporate goals and objectives the CEO is responsible for meeting.	Yes	2008-2009 CEO Parameters CEO position description reviewed and updated 2007 in considering new standard
<b>4. ORIENTATION AND CONTINUING EDUCATION</b>		
i. The Board should ensure that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including in particular, the commitment of time and effort that the corporation expects from its directors). All new directors should also be given sufficient information so they are able to understand the nature and operation of the corporation's business.	Yes	Orientation held annually following AGM; New Directors provided with appropriate background materials.
ii. The Board should provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the corporation's business remains current.	Yes	Governance review and education training in 2009
<b>5. CODE OF CONDUCT AND ETHICS</b>		
The Board should adopt a written code of conduct and ethics (a code). The code should be applicable to directors, officers and employees of the corporation. The code should constitute written standards that are reasonably designed to promote integrity and to deter wrongdoing. In particular, it should address the following issues:	Yes	Disclosure Compliance Statements completed 2008 and recognized as ongoing duty.
i. Conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest;	Yes	Annual declarations and reviews completed.
ii. Protection and proper use of corporate assets and opportunities;	Yes	
iii. Confidentiality of corporate information;	Yes	
iv. Fair dealing with corporate customers, suppliers, competitors and employees	Yes	
v. Compliance with laws, rules and regulations; and	Yes	
vi. Reporting of illegal or unethical behaviour	Yes	
The Board should be responsible for monitoring compliance with the code	Yes	Annual Compliance Statements



CORPORATE GUIDELINES	DOES THE RAA ALIGN	COMMENTS
<b>6. APPOINTMENT OF COMMITTEES</b>		
i. The Board should appoint the following committees:		
- Governance	Yes	Committees mandates updated in consideration of new standards occurred 2007/2008.
- Audit and Finance	Yes	
- Community Consultative	Yes	
- Nominating	Yes	
- Compensation	Yes	
ii. The committees should have a written charter that clearly establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations and manner of reporting to the Board. In addition, the committees should be given authority to engage and compensate any outside advisor that it determines necessary to permit it to carry out its duties	Yes	No outside advisors required in 2008.
iii. The board, in its discretion, may combine the duties of more than one committee into a single committee.	Yes	Governance and Nominating Committee is combination of: (1) Governance (2) Nominating; and (3) Compensation
<b>7. REGULAR BOARD ASSESSMENTS</b>		
The Board and its committees should have their effectiveness and contributions regularly assessed.	Yes	Evolving process. Audit & Finance developing formal assessment parameters in 2009.

I would like to thank the members of the committee for their commitment, dedication and support.



Respectfully submitted,

James Rybchuk

Chair, Governance and Nominating Committee



# dedicated team

**Administration:** Jim Hunter, Derrick Thue, Donna Brown, Don Carvalho, Terry Klimosko, Luanne Quick, Annette Schinborn.

**Operations:** Steve Burchi, Rick Proulx, Dennis Sandoff, Dave Skene.

**Maintenance:** Emile Forest, Joanne Bell, Eldon Blenkin, Wes Crofts, Martin Fortier, Kelly Heichert, Eugene Hrehor, Joa Jonat, Chris Mickleborough, Randy Papegnies, Rick Penner, Dale Peterson, Larry Prychak, Doug Scheibel, Gerry Schumann, Earl Spencer, Warren Terry, George Toro, Rod Wheeler.

**Fire Hall:** Kevin Hembroff, Dean Davyduke, Chris Grant, Kevin Joa, Chad Kemery, Mark Kress, Kelly Schwartz, Ray Silzer, Jamie Smith, Brian Stewart.

RAA is striving to build and improve its culture based on commitment and operational excellence in fulfilling our mission. We believe that a friendly environment focused on personal and professional development is a key to the development and sustainability of a human resource management program. Values for this area include but are not limited to respect for individual, team spirit, loyalty, integrity, and creativity.

RAA provides for a safe working environment with competitive compensation and benefits.

In recognition of service and loyalty milestones this years service award recipients include the following:



Dave Skene, Groundside Terminal Operations  
25 Years of Service



Kevin Joa, Firefighter  
20 Years of Service



Dean Davyduke, Firefighter  
20 Years of Service



Rod Wheeler, Equipment Operator  
20 Years of Service



George Toro, Equipment Operator  
15 Years of Service



Chad Kemery, Firefighter  
5 Years of Service

# community involvement

Regina Airport Authority (RAA) Staff Fundraising efforts raise \$1,020.00 for Soul's Harbour Rescue Mission.



RAA CEO Jim Hunter presents a cheque to Michelle Port, Executive Director of Soul's Harbour Rescue Mission on November 27, 2008.

## Regina Airport Authority (RAA) becomes a corporate sponsor of 34 Sabre Squadron , Royal Canadian Air Cadets (RCAC).

The RAA's annual monetary commitment will provide dependable, ongoing support to maintain and improve 34 Squadron's already thriving and worthwhile activities in support of Regina's youth.



In appreciation of this sponsorship, the decision was made to change 34 Squadron's name to one that has historical relevance to aviation in Regina. Lieutenant Roland J. Groome was the first licensed commercial pilot in Canada, who brought commercial aviation to our city. In fact, the airfield at Regina International Airport was named in honour of this outstanding and history making Canadian aviator. The Squadron Officers and the Parent Sponsoring Committee would like to publicly thank the Groome family for allowing us the honor of renaming our Squadron 34 Roland J. Groome Squadron, RCAC.

From left to right:  
Maureen Drolet, Director, Air Cadet League of Saskatchewan  
Doug Johnston, Chairman, Parent's Committee 34 Squadron  
Capt. Gary Saxby, Commanding Officer, 34 Squadron  
Jim Hunter, President & CEO, Regina Airport Authority  
Larry Schneider, Chair, Regina Airport Authority



# growth one millionth passenger

## Regina International Airport Serves Over 1,000,000 passengers

On December 22, Lindsay Butz became the one millionth passenger served at Regina International Airport in 2008.

"This marks the first time we have served over one million passengers in a year, and is a truly historic moment," said Regina Airport Authority Inc. (RAA) CEO Jim Hunter. "We congratulate Ms. Butz and all of our airline partners!"

Ms. Butz received a CAA travel voucher valued at \$5,000.00.

With the busy Christmas season still upon us, the number of passengers served will surpass one million by a substantial number. This compares with last year's previous all time record of 962,260 passengers served.

"We are pleased to achieve this accomplishment," said Hunter. "It is a tribute to the hundreds of people who work at this airport every day providing excellent service to the people of Regina and southern Saskatchewan."

In 2008 the RAA welcomed new non-stop flights from Regina to Toronto and Las Vegas .

"We continue to aggressively pursue new services for our business and vacation travelers," said Hunter. "Our mandate is to continue to grow to serve the needs of a growing province with a booming economy. We welcome that challenge."





**It is a tribute to the hundreds of people who work at this airport every day providing excellent service to the people of Regina and southern Saskatchewan**



**It's Your Airport**

# operations

## 2008 report highlights

Regina Airport Authority's (RAA's) core business is the delivery of aeronautical services through the provision of airfield, terminal and ground transportation infrastructure and products, all delivered in a safe, secure, efficient and customer focused manner.

RAA Operational Staff work hard each and every day behind the scenes to ensure our primary customers, the travelling public and our air carriers partners, can utilize the airport in a safe and seamless manner.

To that end, 2008 saw the completion of our airport master plan update project, providing the RAA with a future planning tool to assist in proper infrastructure planning and measured investment. Now that it is completed, the YQR 2027 Master Plan serves to meet aviation demands, achieve community acceptance, maintain environmental compatibility and harmonize the airport with other modes of transportation.

On the airfield in 2008, the resurfacing of Taxiway Bravo and strengthening of Apron II were significant projects designed to address life cycle pavement issues and provide first rate facilities for aviation users. The Apron II project in particular has permitted a shift of major cargo operations to this location thereby freeing up additional operational space for commercial air carrier operations on Apron I. For 2009, the addition of 2 additional passenger loading bridges (to 7 in total) is a priority in order to effectively accommodate aircraft parking needs and ensure maximum use of this passenger friendly option.



Our main passenger processing facility, the ATB or Air Terminal Building, has certainly been well utilized as evidenced in the achievement of a record 1 million plus passengers in 2008. With this remarkable growth in passenger traffic, increased bottlenecks and congestion occurred particularly at the security screening point. The RAA, with the cooperation of our service partner the Canadian Air Transport Security

Authority (CATSA), constructed a fourth pre-board security screening line in late 2008. The resultant increased throughput capacity has served us well in accommodating peak demands. Additionally, new flight information display monitors (some 30 in total), were installed throughout the facility. For 2009, the RAA will continue to look for operational efficiencies in the existing building particularly in the check-in area by reviewing options to move towards a flow through check-in model, as well as initiating a building wide signage upgrade program.

Increased activity has also strained infrastructure on the 'groundside' of the airport facility. In order to meet this spike in demand, the RAA embarked upon a two year Groundside Infrastructure Project – intended to improve traffic flow, enhance pedestrian safety and substantially increase parking options (total on-site vehicle capacity will increase from 983 to 1777 parking stalls). The project will also include new landscaping elements, signage and state of the art and customer friendly parking control equipment, and is expected to be fully complete by September 2009.



With respect to our number one priority – the safety and security of all airport users and staff – the RAA is well established with respect to implementing a site wide Safety Management Systems (SMS) process. SMS is deemed a critical business process and can be defined as a systematic approach to managing safety and risk, including the necessary organizational structure, accountabilities, policies and procedures.

2008 also saw the airport participate as a test bed or pilot site for a cargo screening evaluation program carried out by federal authorities, and work will continue into 2009 on integration of automated biometric technology to assist in the control of access to airport restricted areas.

RAA Operational Staff also frequently liaise with Transport Canada regarding aerodrome safety and security inspections and oversight, thereby ensuring full compliance with all required regulatory measures. Plans and procedures were also tested through the coordination of a multi-agency tabletop security exercise in December of 2008.

Airport environmental management has also taken a higher profile in recent years. Regina Int'l Airport is a close neighbour to a number of residential communities west and south of Regina and remains dedicated to minimizing the environmental impact of its operations on these communities and generally keeping the airport sustainable in environmental terms. The effective management of community concerns raised with respect to aircraft noise is a large component of this strategy.



As our Environmental Management Plan matures, focus on areas such as environmental impact assessments, petroleum storage tank standards, air quality and emissions reduction will direct upcoming short term objectives.

Aviation industry response to wide ranging (and in some cases unfounded) environmental concerns are well covered at this link: <http://www.enviro.aero/>.



# m a n a g e m e n t

## discussion and analysis

Management's Discussion and Analysis (MD&A) is provided to assist readers in their assessment of the operational and financial condition of Regina Airport Authority Inc. for its fiscal year ended December 31, 2008 compared with corresponding periods. These comments should be read in conjunction with the financial statements and related note disclosure contained within this report. These statements have been prepared in accordance with Generally Accepted accounting principles (GAAP).

Regina Airport Authority Inc. (RAA) operates and maintains Regina International Airport through a ground lease arrangement with the Crown. RAA will have completed its first ten years of operation, upon release of this report, of a 60 year agreement with an option to renew for a further 20 years. The Authority's mandate is – to manage and operate our airport in a safe, secure, efficient, commercially viable and environmentally responsible manner – and to advance economic and community development by promoting airline and related transportation support services. RAA is a not-for-profit private corporation without shareholders; therefore, all excess revenues over expenditures generated are applied to these objectives.

### Passenger Statistics

RAA continues to grow having reached the 1,000,000th passenger count milestone for the first time in its operation with a final count of 1,005,270 enplaned and deplaned passengers using our facilities during the year. This resulted in overall growth of 4.4% for the year (10.5% growth - 2007); our original plan called for 4% growth for 2008. In setting the 2009 budget, RAA anticipates 2.85% growth over 2008 results; this is backed by exceptionally strong demand for sun destination charters combined with the positive economic outlook and attitudes of the traveling public. It is worth noting that since our terminal renovations (2005) to date, RAA passenger traffic has grown 36.5%. RAA anticipates growth rates for 2010 and beyond to be within a range of 2% - 3.25% year over year.

### Rates & Fees

2008 aeronautical fees remained unchanged from 2007 as recent growth has more than offset increasing operating costs avoiding any need to raise aeronautical fees. Effective September 2008, RAA increased the daily parking rate from \$8/day (\$48/week) to \$9/day (\$56/week) as a result of a recent market review. Short-term parking rates were not adjusted.

For 2009, RAA has adjusted landing fees by approximately 7%; this increase has been offset by a reduction to after hour emergency response services recoveries charged to the major carriers. These changes were required as the hours of operation continue to increase. RAA has moved from a 16 to a 20 hour shift pattern to better accommodate air carrier requirements. RAA anticipates rates and fees increases of 3% growth year over year within its longer term budgeting plans.



➡ Change is constant in our business environment – we understand the underlying risks and plan for the unexpected

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## **Airport Improvement Fees**

Airport improvement fees (AIF) have not changed during 2008; and no anticipated increases are planned for 2009. RAA will be conducting a detailed comprehensive review as a result of the recently completed airport master planning and strategic planning exercises. A longer-range updated capital and funding plan will determine future requirements in setting AIF rates. It should be noted that the AIF fund is running an accumulated deficit of \$3,566,000. During 2009 we expect to generate \$7,340,000 (AIF revenues) while expending \$10,578,000 (capital improvements) leaving a deficit of \$6,804,000. Current AIF net asset deficits are being offset by the general reserve; no external financing exists at this time. As a highly capital intensive operation, we will be updating our longer-range capital implementation plans including options for generating the required cash flow to better anticipate and meet our community expectations.

## **Capital Activities**

RAA had an extremely active capital program during 2008. Taxiway and apron milling, strengthening and overlays were completed, extending the life cycle of these surfaces at a cost of \$2.4 million. Additionally, \$3.0 million was spent on groundside parking, curbside roadway improvements and parking equipment (45% complete at year end) that will see parking spaces nearly double in addressing the parking capacity issues. This will provide for operational and customer service relief for the short to medium term. The remaining project and equipment installation work will be completed by late summer 2009; \$600,000 was spent completing the overflow parking lot that provided some parking relief for the 2008/2009 charter season; new flight and baggage display information systems were completed \$170,000; \$141,000 for bridge modifications; \$230,000 for new snow removal equipment; and \$80,000 for the fleet renewal program. Other various operational site and building upgrades resulted in total capital investment of \$7,483,000.

Approximately \$4.0 million in 2008 projects carried over to 2009; \$3.2 million of this total relates to the curbside, roadway and parking improvements project; \$300,000 for parking equipment and installation. New 2009 capital items include \$1.3 million for new bridge acquisition and installation; \$700,000 for two new runway sweepers; \$700,000 for site and air terminal building signage installation; \$500,000 for completion and restoration of groundside lands that will follow the parking, roadway and curbside construction; \$575,000 for emergency power upgrades (air terminal building); runway and guard light improvements \$500,000; short-term parking lot mill and overlay \$250,000 along with a host of smaller projects of \$2.1 million (includes contingency allocations of \$617,000).

## Cash Flow

The Authority's cash flow remains positive and manageable for the short to medium term. However, long-term capital requirements as identified within the master planning exercise suggest increased focus is required on capital and cash flow planning (2009 priority).

In fact, RAA has \$4.5 million in cash and investments readily available; in addition a \$5.5 million capital operating facility and \$0.5 million operating line of credit (day to day operations) are in place should they be required. RAA does not anticipate the need to use these facilities during 2009.

## Assets

Overall property, plant and equipment (\$ 32,888,000) and cash and investments on hand (\$4,463,000) account for 95% of the total \$39,135,000 in assets. Other working capital amounts that include receivables and prepaids round out asset values.

## Liabilities and Net Assets

Net assets are comprised of \$37,181,000 of which \$32,289,000 is reinvested in capital assets and \$4,892,000 remains as unrestricted; unrestricted net asset values are net of allocations to cover the \$3,556,000 deficit within the restricted airport improvement fee net assets.

Payables, security deposits, benefit liabilities and deferred contributions make up the remaining liability values. These amounts are as expected and consistent with values of the previous period.





## Statement of Operations

During 2008, RAA generated \$860,000 from operations (an increase of \$213,000 over 2007); revenues grew by \$993,000 over the previous year and exceeded budget estimates by \$743,000 while expenditures increased \$782,000 over 2007; final reported expenditures were under budget targets by \$74,000.

Continued growth within the sun destination charter activities combined with additional seasonal services to Las Vegas and Toronto account for the majority of the increased \$417,000 in aeronautical revenues; these were unbudgeted activities. Other domestic upgrades to aircraft fleet and additional frequencies to Calgary added to the numbers.

Rental revenues increased over 2007 by \$32,000; rentals were as expected and as budgeted.

Indirect revenue growth of \$528,000 over 2007 occurred within concessions (\$398,000 better than budget); car rental concessions \$118,000 (13%); long-term parking \$372,000 (29%) account for the majority of the increase. Demand for parking and ground transportation in general has driven revenue growth. We are seeing more extended stays with the weekly charters and with increasing economic activities combined with the short supply of ground transportation we have experienced significant increased parking utilization. Parking rate increases averaging 14.75% for the long-term parking lot effective September 1, 2008 contributed to the overall increase. Gift shops, short-term parking and other concession areas are reflective of increased traffic rates experienced during the year.

Within the operational area, cost increases were incurred to undertake safety management systems (SMS) development and staff training at a cost of \$80,000. SMS is a new legislative requirement that takes effect March 31, 2009. An independent third party ground transportation review and report was undertaken jointly with the City. This report, at a net cost of \$30,000 to the airport, has provided a series of recommendations for the Authority and City to address. Additional funding was allocated for airline route development (not originally budgeted) to continue efforts to secure additional transborder service options and to enhance domestic growth opportunities. With exceptional revenue growth RAA also used the opportunity to increase preventative maintenance activities resulting in increased repairs and maintenance expenditures. Special services cost, (contracted janitorial, security and customer service agreements), increased with additional funding required to assist contractors in dealing with major jumps in minimum wages. These adjustments resulted in increased retention ensuring quality and experienced personnel are in place to assist with maintaining and improving the overall customer experience. Additional expenditures were offset by savings from deferral of the job reclassification implementation and reduced special payment pension contributions that resulted from the December 31, 2007 valuation.



Overall excess revenue over expenses generated \$5,352,494 compared with \$4,404,000 from 2007 after taking into account investment income, airport improvement fees, amortization of deferred contributions, unrealized market losses on investments and amortization of property, plant and equipment. This result is \$229,000 ahead of budget and \$951,000 ahead of 2007 results explained primarily by the extraordinary revenue growth experienced during the year.

### **Future Growth of Net Assets**

RAA anticipates that assets will continue to grow in the 10-15% range over the next several years; actual asset growth in 2008 was 14.95%. As excess revenue over expenditures are generated they are retained internally. Since there are no shareholders (no dividends) asset growth patterns are stable and fairly predictable.

### **Future Growth of Operating Revenues and Expenditures**

RAA anticipates with a slowing economic outlook that growth rates will return to the 2 – 4% range during 2009; actual operational revenue growth in 2008 was 9%. It is anticipated that for 2010 and beyond operational revenues will grow in the 4% range year over year.

2008 cost of living increases for Saskatchewan ranged from 3-4%. Although we expect some relief in 2009, we have conservatively built 4% escalators into future year estimates for planned expenditures.



## **Contracts Not Tendered**

Generally amounts greater than \$75,000 (base year 1992 = 100 CPI annually adjusted) require public tender. The purchase of specialized runway equipment for \$230,354 and \$146,008 in ventilation equipment upgrades were not tendered due to specialization and contractor availability concerns respectively. These projects were sole sourced (reported and approved by the Board) for reasons of practicability and efficiency.

Formal tenders were held for five projects during 2008; they included Flight and Baggage Information Display Systems; Apron 2 Upgrade Milling and Overlay; Taxi B/B1 Milling and Overlay; Groundside Roadway, Parking, and Curbside Improvements and the new Parking Lot Equipment.

## **Officers and Senior Management Compensation:**

James D. Hunter, President & CEO

Derrick B. Thue, Vice President Administration and CFO

Steve Burchi, Vice President Operations and Corporate Services

Total remuneration paid in 2008 was \$338,373 (2007 – \$337,027). Ranges of remuneration are currently under review.

## **Risk and Uncertainties**

### **Airline Industry Retraction:**

With the current global economic collapse combined with the challenging operational environment, airline operators have reduced fleet and retracted. In fact, early 2009 capacity numbers primarily in the United States (US) and International markets have experienced retraction in the 15% range. Domestically, retraction has occurred, but again Saskatchewan remains positive and stable with 1-2% growth experienced in 2009 year to date. This recent trend has decreased significantly from past year results, but remains positive while most Canadian markets are seeing retraction. Airline operators have been focused on the development of opportune routes. At the time of writing this report, Regina appears to be one of those opportunities with the recent announcement of twice a day transborder service to Denver, Colorado to be offered by United Airlines. Interestingly enough, charter travel to sun destinations remains exceptionally strong growing by an additional 10% over the same period as compared to the prior charter season.

### **Facilities /Capital Risks:**

Extraordinary growth approaching 40% over the last 44 months of operation has resulted in significant growing pains for our operation. Groundside infrastructure and in particular parking demand has resulting in RAA running at approximately 110% of capacity during the peak winter charter season. We will have addressed short to medium term parking needs (3-5 year timeline) upon completion of a major groundside expansion project initiated last year that will be completed this summer. Likewise, operational pressure points are being assessed and plans to remediate and improve these areas are the focus for the short to medium term. Conceptual findings within the recently completed Master Plan will be used as the guiding document to assist with strategically updating our facilities and capital planning. As a highly capital intensive operation RAA must manage the risk of raising the appropriate capital to match and exceed the growth demands.

### **Attraction and Retention – Human Resources:**

With the economic slowdown we are seeing relief in this area. In fact, as of March 2009, RAA concluded a five year collective bargaining agreement (CBA), bringing stability and predictability to our operation through June 30, 2013. RAA provided market adjustments through job reclassification that will be beneficial to employee retention and attraction. RAA will continue in its development of a human resource strategy ensuring anticipation and flexibility to meet challenges in the future.

### **Regulatory Creep / Ground Lease Rent:**

Aviation in general remains under immense pressure in order to deliver a safe and secure environment for users. Users are contributing directly toward the required capital infrastructure as they fly out of our airport through the Airport Improvement Fee (AIF) charged on each ticket. These funds are managed by the local Authority and restricted to capital and infrastructure development. However, within the definition of revenue that is used to assess federal rent (Ground Lease with the Crown) paid by the Authority, the AIF is defined as revenue resulting in a tax on a user paid assessment (tax on a tax). The local Authority through its users improves the asset of the Crown and then gets assessed a tax through rent for doing so. Optically and in terms of fairness, air travel is being unfairly assessed where funds are being used to subsidize other modes of transportation. RAA remains adamant that AIF be removed from the rent formula to restore equity and fairness. RAA is committed to reinvest savings that would result in providing relief to stressed airline operators through reduced airport operator fees. Savings would also be used to increase human resources to manage increasing regulatory requirements related to safety and security.



# financial

REGINA AIRPORT AUTHORITY INC. CONSOLIDATED

FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2008

# statements



## management responsibility for financial statements

The accompanying financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. The most significant of these are set out in Note 2 of the financial statements.

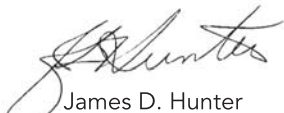
The Airport Authority's accounting procedures and related systems of internal control are designed to provide reasonable assurance that its' assets are safeguarded and its' financial records are reliable. These consolidated financial statements include some amounts based upon Management's best estimates and judgments. Recognizing that the Airport Authority is responsible for both the integrity and objectivity of the consolidated financial statements, Management is satisfied that these consolidated financial statements have been prepared within reasonable limits of materiality.

The Board of Directors has appointed an Audit Committee consisting of four independent directors. The committee meets periodically during the year to review with Management and the auditors any significant accounting, internal control, and auditing matters. They also review and finalize the annual consolidated financial statements of the Regina Airport Authority Inc. together with the independent auditors' report before the submission of the consolidated financial statements to the Board of Directors for final approval.

The financial information throughout the text of this annual report is consistent with the information presented in these consolidated financial statements.

On behalf of the Airport Authority:

Respectfully submitted,



James D. Hunter  
President and CEO



Derrick B. Thue  
Vice President Administration  
Chief Financial Officer





**KPMG LLP**  
**Chartered Accountants**  
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Canada

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## AUDITORS' REPORT

To the Members of  
Regina Airport Authority

We have audited the consolidated balance sheet of Regina Airport Authority as at December 31, 2008 and consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority'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 consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**KPMG LLP**

Chartered Accountants  
Regina, Canada  
February 26, 2009

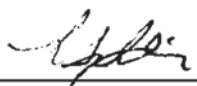

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. KPMG Canada provides services to KPMG LLP.

**regina airport authority inc.****Consolidated Balance Sheet****December 31, 2008, with comparative figures for 2007**

	2008	2007
<b>Assets</b>		
Current assets		
Cash (note 3)	\$ 3,130,424	\$ 2,871,051
Accounts receivable and accrued revenue	1,484,527	1,475,878
Current portion of loans receivable (note 4)	29,000	34,812
Prepaid materials and supplies	236,341	188,325
	4,880,292	4,570,066
Property, plant and equipment (note 5)	32,887,942	27,944,439
Loans receivable (note 4)	29,000	58,001
Investments (note 6)	1,337,779	1,467,252
	\$ 39,135,013	\$ 34,039,758
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,052,972	\$ 1,088,512
Security deposits	134,425	96,852
Current portion of obligations under capital lease	-	21,631
	1,187,397	1,206,995
Accrued benefit liability (note 7)	168,000	206,000
Deferred contributions (note 8)	598,925	798,566
Net assets:		
Invested in property, plant and equipment (note 9)	32,289,018	27,124,242
Restricted airport improvement fee (note 10)	-	-
Unrestricted	4,891,673	4,703,955
	37,180,691	31,828,197
Commitments (note 11)		
	\$ 39,135,013	\$ 34,039,758

See accompanying notes to financial statements.

**APPROVED BY THE BOARD**

	Director
	Director

**regina airport authority inc.**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2008, with comparative figures for 2007**

	2008	2007
Revenue:		
Concessions	\$ 3,523,065	\$ 2,994,399
General terminal fees	1,442,359	1,252,919
Landing fees	1,963,153	1,843,629
Other airline	1,283,739	1,176,946
Recoverable services and other	30,084	15,909
Rental	763,082	727,909
	9,005,482	8,011,711
Expenses:		
Bad debts	12,298	3,059
Board	147,694	119,226
Enhanced security	148,633	121,872
Financial	8,339	9,132
Ground rent	350,922	243,771
Insurance	204,472	205,211
Land rent	5,910	10,400
Materials and supplies	174,387	190,788
Office supplies	47,519	52,999
Postage and printing	16,145	13,607
Professional fees	325,099	221,816
Property taxes	741,911	694,060
Public relations	69,458	69,527
Repairs and maintenance	559,589	487,243
Salaries and benefits	3,096,835	2,973,427
Special services	1,538,451	1,324,947
Telephone	50,620	50,651
Training and travel	51,666	36,580
Utilities	595,923	535,968
	8,145,871	7,364,284
Excess of revenue over expenses before amortization and other revenue (expense)	859,611	647,427
Amortization of property, plant and equipment	(2,538,074)	(2,082,844)
Amortization of deferred contributions	199,641	199,641
Deficiency of revenue over expenses before other revenue (expense)	(1,478,822)	(1,235,776)
Other revenue (expense):		
Airport improvement fee (note 10)	6,826,672	5,697,210
Interest expense (AIF financing)	(360)	(2,522)
Unrealized loss on investments	(177,145)	(29,193)
Gain on investment disposals	10,684	-
Investment income	172,845	110,202
Other income	-	37,565
Loss on disposal of property, plant and equipment	(1,380)	-
Write down of property, plant and equipment	-	(173,531)
Excess of revenue over expenses	\$ 5,352,494	\$ 4,403,955

See accompanying notes to financial statements.

# regina airport authority inc.

## Consolidated Statement of Changes in Net Assets

Year Ended December 31, 2008, with comparative figures for 2007

	Invested in property, plant and equipment (note 9)	Restricted airport improvement fee (note 10)	Unrestricted	2008 Total	2007 Total
Balance, beginning of year	\$ 27,124,242	\$ -	\$4,703,955	\$ 31,828,197	\$ 27,426,294
Change in accounting policy	-	-	-	-	(2,052)
Excess of revenue over expenses	(2,338,433)	6,826,312	864,615	5,352,494	4,403,955
Net change in invested in property, plant and equipment	7,503,209	(7,483,355)	(19,854)	-	-
Appropriation (note 10)		657,043	(657,043)	-	-
Balance, end of year	\$ 32,289,018	\$ -	\$4,891,673	\$ 37,180,691	\$ 31,828,197

See accompanying notes to financial statements.

**regina airport authority inc.**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2008, with comparative figures for 2007**

	2008	2007
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 5,352,494	\$ 4,403,955
Items not affecting cash:		
Change in accounting policy	-	(2,052)
Amortization of deferred contributions	(199,641)	(199,641)
Amortization of property, plant and equipment	2,538,074	2,082,844
Write down of property, plant and equipment	-	173,531
Increase (decrease) in accrued benefit liability	(38,000)	7,000
Gain on investment disposals	(10,684)	-
Unrealized loss on investments	177,145	29,193
Loss on disposal of property, plant and equipment	1,380	-
Net change in non-cash working capital items (note 12)	(54,632)	(293,010)
	7,766,136	6,201,820
Investing activities:		
Concessionaire loan repayment	34,813	34,812
Purchase of property, plant and equipment	(7,483,354)	(2,786,019)
Proceeds on disposal of property, plant & equipment	397	-
Purchase of investments	(4,183,456)	(1,496,418)
Proceeds on sale or maturity of investments	4,146,468	83,000
	(7,485,132)	(4,164,625)
Financing activities:		
Repayments of obligations under capital lease	(21,631)	(41,460)
	(21,631)	(41,460)
Increase in cash	259,373	1,995,735
Cash, beginning of year	2,871,051	875,316
Cash, end of year	\$ 3,130,424	\$ 2,871,051

See accompanying notes to financial statements.



**1. Purpose of organization:**

The Regina Airport Authority (the "Authority") was incorporated June 18, 1997 as a corporation without share capital under Part II of the Canada Corporations Act. The objective of the non-profit Authority is:

*To operate a world class aviation facility in a safe, secure, efficient and commercially viable manner in partnership with the local community.*

The Authority signed a 60 year Ground Lease with Transport Canada, effective May 1, 1999, and assumed responsibility for the management, operation and development of the Regina International Airport.

The Authority is exempt from federal and provincial income tax and Saskatchewan capital tax.

**2. Significant accounting policies:**

The financial statements of the Authority have been prepared in accordance with Canadian generally accepted accounting principles. The more significant of these accounting policies are summarized below.

a) **Basis of presentation**

The consolidated financial statements include the amounts of the Authority's 100% owned subsidiary, Jenny Aviation Developments Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

b) *Financial assets and liabilities*

The CICA Handbook, Section 3855 establishes standards for recognizing and measuring financial assets and financial liabilities. The measurement basis depends on whether the financial assets or liabilities has been classified as held for trading, available for sale, held to maturity, loans and receivables, or other financial liabilities. Financial assets classified as held for trading are measured at fair value and changes in fair value are recognized in increase in net assets for the year. Financial assets or liabilities classified as available for sale are measured at fair value with changes in fair value recorded in other comprehensive income, however, unrealized losses considered other than temporary continue to be recognized as a decrease in net assets for the year. Financial assets or liabilities designated as held to maturity, loans and receivables, or other financial liabilities are measured at amortized cost using the effective interest method. The Authority has no financial instruments designated as available for sale.

The Authority has designated its cash and investments as held for trading. Accounts receivable and accrued revenue and loans receivable are designated as loans and receivables. Accounts payable and accrued liabilities is designated as other financial liabilities.

The Authority has elected to apply the disclosure requirements of the CICA Handbook, Section 3861 in place of Handbook Sections 3862 and 3863.

c) **Revenue recognition**

The Authority follows the deferral method of accounting for contributions. Restricted contributions are reflected as deferred contributions and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

e) *Property, plant and equipment*

Property, plant and equipment are recorded at cost and are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

<b>Asset</b>	<b>Rate</b>
Office furniture and equipment	3-10 years
Computer equipment and software	3 years
Vehicles and equipment	3-15 years
Leasehold improvements	3-30 years
Work in progress	Not amortized, as not available for use

f) *Employee future benefits*

The Authority maintains a pension plan for its employees which has both a defined benefit and defined contribution component. The Authority accrues its obligations under the pension plan as the employees render their services necessary to earn the pension benefits. For the defined benefit plan, the fair value of pension assets is used for the purpose of calculating the expected return on plan assets. Pension obligations are determined by an independent actuary using the projected benefit method prorated on service and management's best estimate assumptions. The cost of the defined contribution component of the plan is recognized based on the contributions required to be made during each period.

g) *Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

h) *Future accounting policy changes*

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises, including the Authority, will be required to adopt IFRS in place of Canadian GAAP for annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. The Authority has begun reviewing IFRS, including initiating the development of a high level IFRS implementation plan. Work is in the early stages and, as a result, the impact on the Authority's future financial position and results of operations is not reasonably determinable. However, such impact may be material.

**3. Cash:**

The Authority utilizes a tiered interest bearing account for day to day operating and short term investment requirements. Interest is paid on the average monthly balance at the following rates:

Balances of: \$ 0 - \$ 99,000 (no interest); \$100,000 - \$499,999 (prime less 2.50%);  
\$500,000 - \$999,999 (prime less 2%); \$1,000,000 - 1,499,000 (prime less 1.85%; and balances  
greater than \$1,500,000 (prime less 1.75%).

**4. Loans receivable:**

	2008	2007
Non-interest bearing loan to a concessionaire receivable in five annual installments of \$29,000, commencing October 1, 2006	\$ 58,000	\$ 87,000
Non-interest bearing loan to a concessionaire receivable In four annual installments of \$5,813, commencing September 1, 2005	-	5,813
	58,000	92,813
Less: Current portion of loans receivable	29,000	34,812
	\$ 29,000	\$ 58,001

The fair value of the loans receivable is \$55,100 (2007 - \$77,877) based on current interest rates for loans of a similar nature.

**5. Property, plant and equipment:**

	Cost	Accumulated amortization	2008 Net book value	2007 Net book value
Leasehold improvements	\$ 35,545,511	\$ 7,424,760	\$ 28,120,751	\$ 25,616,405
Vehicles and equipment	4,277,833	2,747,449	1,530,384	1,513,283
Computer equipment and software	404,024	374,891	29,133	86,306
Office furniture and equipment	34,073	30,093	3,980	181
Work in progress	3,203,694	-	3,203,694	728,264
	\$ 43,465,135	\$ 10,577,193	\$ 32,887,942	\$ 27,944,439

**6. Investments:**

The carrying value of the Authority's investments are as follows:

	2008	2007
T-Bills	\$ -	\$ 204,747
Bonds	-	43,531
GIC'S	-	732,735
Common shares	306,735	480,099
Investment savings account	1,031,044	6,140
	\$ 1,337,779	\$ 1,467,252

The fair value of the investment savings account approximates cost and common shares are based on quoted market values.

**7. Employee future benefits:**

The Authority sponsors and funds a pension plan on behalf of its employees, which has defined benefit and defined contribution components. The defined benefit component is for employees who were employed by the Authority on the date of transfer, including former Transport Canada employees, some of whom transferred their vested benefits from the Public Service Superannuation Plan to the Authority's pension plan. Pension plan costs are charged to operations as services are rendered.

The most recent actuarial valuation of the defined benefit component of the pension plan occurred effective December 31, 2007. The results of the actuarial valuation have been extrapolated to December 31, 2008. Information about the defined benefit component of the Authority's pension plan is as follows:

	2008	2007
Accrued benefit obligation:		
Balance, beginning of year	\$ 4,583,000	\$ 5,129,000
Current service cost	157,000	181,000
Interest cost	256,000	277,000
Employee contributions	41,000	42,000
Benefits paid	(84,000)	(223,000)
Impact due to change in discount rate	(1,376,000)	(423,000)
Actuarial gain	-	(400,000)
Balance, end of year	\$ 3,577,000	\$ 4,583,000

	2008	2007
Fair value of plan assets:		
Balance, beginning of year	\$ 4,365,000	\$ 4,142,000
Actual return on plan assets	(877,000)	147,000
Employer contributions	211,000	257,000
Employee contributions	41,000	42,000
Benefits paid	(84,000)	(223,000)
Balance, end of year	\$ 3,656,000	\$ 4,365,000

**7. Employee future benefits (continued):**

	2008	2007
Accrued benefit obligation	\$ (3,577,000)	\$ (4,583,000)
Fair value of plan assets	3,656,000	4,365,000
Funded status - surplus (deficit)	\$ 79,000	\$ (218,000)
	2008	2007
Funded status – surplus (deficit)	\$ 79,000	\$ (218,000)
Unamortized transitional obligation	107,000	133,000
Unamortized net actuarial loss	(354,000)	(121,000)
Accrued benefit liability	\$ (168,000)	\$ (206,000)

The significant actuarial assumptions adopted in measuring the Authority's accrued benefit obligation are as follows:

	2008	2007
Discount rate	7.50%	5.50%
Expected long-term rate of return on plan asset	6.10%	5.60%
Rate of compensation increase	3.90%	3.90%

**Accrued benefit liability**

The Authority's pension expense is as follows:

	2008	2007
Defined benefit component	\$ 177,174	\$ 155,012
Defined contribution component	58,294	54,341
	\$ 235,468	\$ 209,353

**8. Deferred contributions:**

Deferred contributions relate to grants provided by Transport Canada for capital projects and represent the unamortized portion of the contributions received. The deferred contributions are recognized as income as the related assets are amortized.

Cumulative amounts received to date are as follows:

	2008	2007
Transport Canada grant	\$ 3,000,000	\$3,000,000
Accumulated amortization	(2,401,075)	(2,201,434)
	\$ 598,925	\$ 798,566



**9. Invested in property, plant and equipment:**

(a) Invested in property, plant and equipment is calculated as follows:

	2008	2007
Property, plant and equipment	\$ 32,887,942	\$ 27,944,439
Deferred contributions	(598,924)	(798,566)
Current portion of obligation under capital lease	-	(21,631)
	<u>\$ 32,289,018</u>	<u>\$ 27,124,242</u>

(b) Excess of revenue over expenses is calculated as follows:

	2008	2007
Amortization of deferred contributions related to capital assets	\$ 199,641	\$ 199,641
Amortization of capital assets	(2,538,074)	(2,082,844)
Write down of property, plant and equipment	-	(173,531)
	<u>\$ (2,338,433)</u>	<u>\$ (2,056,734)</u>

(c) Change in net assets invested in property, plant and equipment is calculated as follows:

	2008	2007
Net change in investment in capital assets:		
Purchase of capital assets	\$ 7,483,355	\$ 2,786,019
Proceeds on disposal	(397)	-
Loss on disposal	(1,380)	-
Repayment of obligations under capital lease	21,631	41,460
	<u>\$ 7,503,209</u>	<u>\$ 2,827,479</u>

**10. Restricted airport improvement fee:**

The Authority entered into an agreement dated May 31, 1999 with the Air Transport Association of Canada and major air carriers serving the Regina International Airport ("the AIF Agreement"). The AIF Agreement provides for a consultation process with air carriers on airport development as well as the collection of an airport improvement fee ("AIF") by air carriers. The AIF is to be used for airport infrastructure development. Earned AIF reported below is net of the handling fee of 7% withheld by the airlines.

Effective April 1, 2007 the AIF fee is \$15 per enplaned passenger for all commercial flights with the exception of Intra-provincial flights, for which the AIF fee is \$5 per enplaned passenger.

**10. Restricted airport improvement fee (continued):**

During the current year the Authority transferred \$657,043 (2007 – (\$2,908,669) from (to) unrestricted net assets.

	2008	2007
Balance, beginning of year	\$ -	\$ -
Earned during the year	6,826,672	5,697,210
Eligible interest charges	(360)	(2,522)
Eligible property, plant and equipment purchases	(7,483,355)	(2,786,019)
Appropriation from (to) unrestricted net assets	657,043	(2,908,669)
Balance, end of year	\$ -	\$ -

**11. Commitments:**

*a) Ground lease*

Effective May 1, 1999, the Authority entered into a 60 year lease of the Regina Airport facilities with Transport Canada, with an option to renew for an additional 20 years. Estimates based on rent projections indicate that rent payable will be approximately as follows:

2009	\$ 396,000
2010	415,000
2011	437,000
2012	458,000
2013	482,000

*b) Operating leases*

The Authority is committed under operating leases with the following minimum annual payments over the next five years:

2009	\$1,484,988
2010	1,496,879
2011	933,670
2012	238,939
2013	20,144

**12. Net change in non-cash working capital:**

	2008	2007
Accounts receivable and accrued revenue	\$ (8,649)	\$ (282,089)
Prepaid materials and supplies	(48,016)	39,160
Accounts payable and accrued liabilities	(35,540)	(63,581)
Security deposits	37,573	13,500
	\$ (54,632)	\$ (293,010)

**13. Fair values**

The carrying value of cash, accounts receivable and accrued revenue, accounts payable and accrued liabilities, and security deposits approximate fair value due to the short-term nature of these items. The fair value of investments is discussed in note 6 and the fair value of loans receivable are discussed in note 4.

**14. Comparative figures**

Certain of the prior year's figures have to been changed to conform to the current year's presentation.

# regina airport

THE WELL-BEING OF OUR CUSTOMERS AND EMPLOYEES, AND THE PRESERVATION

OF OUR FACILITIES DICTATE THAT WE MEET THE HIGHEST POSSIBLE STANDARDS

authority inc.



A photograph of an airplane wing and engine on a runway at sunset. The sky is a mix of light blue and pink. The runway is a flat, grey surface. The text "Taking Flight" is overlaid in white. A red object is visible in the bottom right corner.

# Taking Flight





## **Regina Airport Authority Inc.**

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