

Five Year Performance Review

Final Report

July 2009



**Regina Airport
Authority Inc.**

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ACRONYMS USED IN THE REPORT

AA	Airport Authority
AIF	Airport Improvement Fee
ATAC	Air Transport Association of Canada
ATB	Air Terminal Building
RAA	Regina Airport Authority Inc.
CAC	Canadian Airports Council
EDS	Explosive detection systems
ERP	Emergency Response Plan
NAS	National Airports System
AIF	Airport Improvement Fee
TC	Transport Canada
WCB	Workers Compensation Board
YQR	Regina Airport

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The airport runway is the most important main street in any town.

Norm Crabtree

1 Executive Summary

During the period 1 May 2004 to 30 April 2009 the Regina Airport Authority Inc. (RAA) has met the terms of its Ground Lease with Transport Canada. It operated a safe and secure aerodrome, contributed as an economic engine to the surrounding communities, met its business plan objectives, demonstrated environmental stewardship, and developed appropriate governance policies for the Board of Directors.

During the past five years the RAA has implemented enhanced safety and security measures. It has continued to actively promote an environmental program which reflects the desires of the community. It has solicited public discussion and responded appropriately. It has created and uses both strategic and tactical business plans. And, it has managed its fiscal affairs in a prudent manner.

This five-year period saw continuous improvements at the RAA marked by a number of events and developments:

- Continued development of the RAA as a locally-governed, stand-alone organization to manage the business affairs of an international and domestic gateway, independent of the federal government;
- Completion of a construction program designed to meet the hold baggage screening requirements of CATSA;
- Additional parking spaces to accommodate passengers and visitors;
- Introduction of enhanced airport security measures;
- A 38.1% growth in passenger volume from 2004 to 2009;
- A 35.7% increase in aircraft movements;
- A 10% drop in insurance premiums;
- Continued development of an Environment Management Program;
- Continued development of the airport lands as an economic driver in the local community; and,
- Continued development of the Board as a “governance” model.

2 Mandate

Section 9.2 of the RAA Ground Lease with Transport Canada requires the RAA to commission an independent study on its management, operational and financial performance at least once every five years. The Board may also request a performance review any time before that.

The assignment as described in the RAA terms of reference was to perform a high level review to express a view on the management, operation and financial performance of the RAA from 1 May 2004 to 30 April 2009. The detailed terms provided for a review of:

- The extent to which the RAA is operated safely and efficiently;
- That the financial, human and physical resources of the RAA have been managed economically and efficiently; and,
- The operations of the RAA have been carried out effectively.

We also examined the following:

- The adherence to and realization of internal business plan objectives;
- The environmental management processes in place;
- The development of appropriate governance policies for the Board of Directors; and,
- The extent to which the aerodrome has acted as an economic engine for the community.

2.1 Approach and Methodology

After discussions with senior management of the RAA, and upon review of the extent of the engagement, it was agreed that we would address the objectives of the review by relying upon available materials and published reports, supplemented by interviews with various executives, Board members, employees and selected stakeholders (airlines, concessionaires and tenants) to corroborate initial findings and conclusions. Input and feedback received by the RAA from Nominators to the Board of Directors was also taken into consideration.

This review should be considered as a high level “desk review”, which would not initiate exhaustive new, independent research. The materials identified as source materials upon which we conducted our review are listed in Annex A – Background Documents.

The review as conducted relied heavily upon these documents which were provided to us by management, and who cooperated fully in providing additional materials and information in response to our requests. We were able to make numerous direct enquiries of management concerning financial, operating, contractual and other issues.

We considered management responses to our questions, which took the form of detailed explanations, listings and schedules, and other additional documentation. We applied analytical procedures such as comparing current and prior information and considered the reasonableness of financial and other interrelationships. We discussed the information received with appropriate officials of the RAA and determined the overall plausibility of such information taken as a whole.

Some of the documents we reviewed were audited and/or were produced by professionally independent third parties. Our mandate did not include verifying such information with these third parties or conducting any other review or evaluation procedures, hence, none were undertaken.

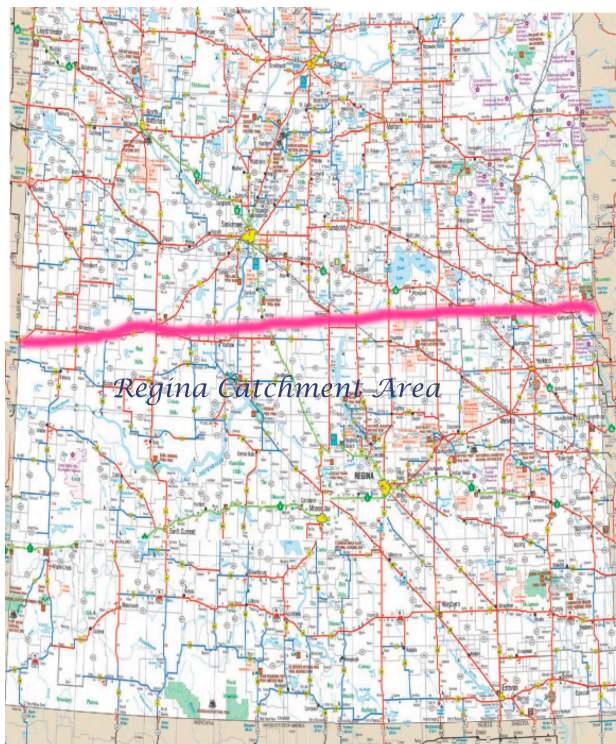
The RAA facilitated interviews with external parties and permitted us to contact major stakeholders. We were not restricted or limited in making these contacts in any way, other than by normal considerations of time and budget.

3 The Regina Airport

3.1 Location

The City of Regina is located in the south central part of the province of Saskatchewan.

The City of Regina itself covers an area of 119 sq. km¹ and the Census Metropolitan Area (CMA) covers an area of 3,408 sq. km². However the airport catchment area extends from Swift Current in the west, the American border in the south, the Saskatchewan/Manitoba border to the east, and Davidson in the north. This catchment area covers 112,500 sq km, and is more representative of the client area of the airport. The population of the City is 179,246. The CMA population is 194,971. The population of the catchment area is approximately 500,000³.



¹ All numbers from Statistics Canada, 2006 Census

² The CMA is defined by Statistics Canada as an urban core population of 50,000 or more with a total population of 100,000 or more. A CMA includes the total population of neighbouring census subdivisions (CSDs), that is, incorporated towns and municipalities, where more than 50% of the labour force commutes (i.e. a measure of social-economic integration) to the urban core of the CMA. For Regina, the CMA does not include Moose Jaw (pop 33,360).

³ Airport Master Plan 2007-2027, Pryde Schropp McComb, p. 4

3.2 The Airport

Regina Airport is one of the 26 airports in Canada's National Airport System. The airport offers scheduled and charter air services, with connections to domestic and international routes. It has two runways: 13-31 at 7,900 feet, and 08-26 at 6,200 feet. Reference coordinates of the airport are Latitude N 50° 25' 55" and Longitude W 104° 39' 57".



Although the airport is wholly located within the boundaries of the City of Regina, it is considered to be the airport for the entire southern half of Saskatchewan, including the neighbouring communities of Moose Jaw and the Regional Municipality of Sherwood.

3.3 Name Change

On 15 June 2006 the Board enacted a Bylaw changing the name of the RAA from the Regina Airport Authority to the Regina Airport Authority Inc. This name change received approval from both Industry Canada on 28 August 2006 and from the Director of Corporations, Saskatchewan Justice, on 17 October 2006.

4 RAA - Adherence to Corporate Objectives

With the operation of a safe and secure aerodrome as the ultimate objective, the RAA also focuses on sustainability. To do this requires the competent management of a myriad of items and issues: human resources, succession planning, prudent fiscal policies, short and long-term planning, customer service, interfacing with other levels of governance (municipal, provincial, federal), construction and project management, rules and regulations, industry, unions, and finance. And this is neither an exclusive nor exhaustive list.

Sustainability is important, for without the airport, the conduct of everyday life for those who live in the southern part of Saskatchewan would change dramatically. They rely on the airport being there.

4.1 Compliance with the Ground Lease

We believe that the RAA has over the period of the review continued to meet its original objectives, as set out in its incorporating documents. It has received substantial support from local interests and stakeholders in a manner that is consistent with the original intention of the transfer of responsibility to a local airport authority. The RAA has demonstrated a commitment to continued high quality passenger service in a safe and secure environment for Regina and the surrounding area.

A - Major Finding: We conclude that the RAA is in compliance with the terms of the Ground Lease and the Corporate Objects expressed in the Letters Patent.

Over the period under review the RAA has developed and implemented a clear vision for successful operations. It has laid a solid foundation and continues to pursue the long-term strategic objectives of the airport. It has responded to external events consistent with its original mandate and developed an approach to service delivery consistent with the needs of the Regina area.

The RAA during the period under review:

- Has operated safely and securely
- Contributed to regional economic development
- Enhanced customer service
- Developed/maintained Air Services

- Absorbed a growth in passenger traffic to levels that were two years ahead of forecasts
- Maintained its financial viability
- Contributed to being a part of the community

This review concludes that the RAA has managed and operated the airport safely, efficiently and for the general benefit of the public.

We believe the RAA during the period under review has demonstrated economic, effective and efficient management of the financial, human and physical resources of the aerodrome, as well as effectively carrying out airport operations, as illustrated by the following examples (which are more fully discussed in the body of this report). Over the review period the RAA:

- Maintained continuous certification as an aerodrome under the federal Aeronautics Act, thereby satisfying international and federal regulatory requirements for safety and security of the travelling public;
- Successfully completed, substantially on time and under budget, capital investment programs which have enhanced the capacity of the airport, and improved services to travelers;
- Undertook capital improvements to the extent of \$34,173,809;
- Negotiated a new contract with the bargaining unit;
- Worked with the City of Regina, surrounding communities, and the Province of Saskatchewan to manage effectively the development of the aerodrome as an asset for both the business and private air traveler.

Of note is that, notwithstanding the fears of many within Transport Canada, the transition of the airport from a Transport Canada operated and maintained facility to a facility managed by a not-for-profit company has occurred without disruption of air services to the public or the air industry. It must be remembered that at the time of transition the aerodrome staff were all public servants, and although they were expert in running the operations of an aerodrome, they were not necessarily expert in the administrative systems required of a private company. Many administrative services were provided to them by the Transport Canada Regional Office in Edmonton.

On the day of transfer, the staff were now responsible for payroll, human resources, benefits and pensions, contracting, construction management, and a host of other administrative and operational requirements. It is to

their credit, and outstandingly so, that the administrative staff took up the task, developed the appropriate administrative systems and procedures, and then used them in a manner which has benefited all those who use the aerodrome and its facilities.

It is also of note that these administrative services are being accomplished at a cost far less than that expended by Transport Canada.

Consequently, we believe that the RAA has over the review period posted an excellent record in safeguarding and controlling the assets of the aerodrome, in managing economically and efficiently the financial, human and physical resources of the airport, and has operated the airport effectively. We attribute this to the vision and direction provided by the leadership team of board members and senior management that presided over the RAA during this period.

4.2 Safety/Security

The RAA maintains the following operations plans reviewed on an annual basis:

- Snow Plan;
- Environmental Management and Response plans;
- Wildlife Management Plan;
- Emergency Response Plan;
- Crisis Communications Plan; and,
- Airport Operations Manual.

Aside from minor potential improvements that are remedied on an “as requested” basis by Transport Canada, the RAA has consistently met TC inspections for safety and security. The Regina Airport continues to meet the ongoing requirements of Aerodrome Certification Program pursuant to the Canadian Aviation Regulations, CARs 302.03.

4.2.1 Operations - Safety and Security

Since September 11th, 2001, airport security has taken a larger role in the management of airports. Although the Canadian Air Transport Security Authority (CATSA) has been in existence since 2002, the regulatory environment remains fluid. Some interviewees expressed concern that, even as the responsibility for airport security is shared between Transport Canada, CATSA, local police service delivery organizations, national police agencies and private security companies, the public will continue to

hold airport operators accountable for any failures in security. *As Transport Canada continues to develop the rules with respect to air cargo, there may be some concern about the levels of security that may be enforced.* RAA benefits from the familiarity that all Airport stakeholders have developed over time with the systems, the personnel and the practices, to maintain a common commitment to security.

Emergency Response Plans (ERP) and other plans and security procedures and documents meet Transport Canada requirements and the RAA's operational realities.

Emergency support continues to be provided from local enforcement agencies. The RAA is an active participant in local emergency planning exercises on a reciprocal basis. Transport Canada regulations require the performance of "Full Scale" emergency exercises at least once every three years. RAA meets this requirement. The next major full scale exercise is scheduled for the Spring of 2010.

Mutual support between the fire fighting services exists between the RAA and the City of Regina.

4.2.2 Safety and Risk Management Systems

The RAA is in the process of completing Phase 1 of the Safety Management System (SMS) in compliance with CARs 302.501. It has explicitly identified how it will measure its performance in relation to risk as set out below:

Reducing the risk of loss to an acceptable level is the primary objective of the RAA risk management program. The Authority is also concerned with risks to stakeholders and partners, as well as maintaining goodwill to the citizens of the City of Regina and surrounding area. The cost of a risk event is the total value of all related costs and resources, both direct and indirect. The total cost of risk to the RAA is the sum of the following:

Direct Costs of Risk:

- Loss of life and/or limb.
- Loss of reputation, goodwill or credibility.
- The replacement value of all equipment and property damaged or lost
- Total claims expenditures, including legal expenditures
- Lost productivity within all operations conducted at the airport
- Loss of Revenue

Costs of Managing Risk

- Costs of loss prevention and control measures
- Costs of insurance premiums
- Administrative and overhead costs.

Since reduction of the cost of risk is the primary objective of a risk management program, specific goals that support this primary objective are to:

- Provide a reasonably safe environment for employees and the public
- Reduce the frequency and severity of accidents
- Minimize interruptions of services provided to the public.
- Protect physical assets
- Minimize exposures to financial losses

B - Major Finding: The RAA has demonstrated during the period of review its willingness to support the necessary enhanced safety and security requirements and responsibilities that come with local airport authority management. This commitment is subject however to external factors (such as the new Air Cargo policy) to which in the past the RAA has responded effectively.

Benefits of Risk Management

A well-conceived, comprehensive risk management program requires a significant commitment of time and resources by the RAA. However, the cost of the Authority's commitment is fully offset by the realization of the following benefits to the organization that are the direct result of the risk management program:

- Reductions in the frequency and severity of accidents
- Retention of or increase in reputation, goodwill and/or credibility.
- Improved employee morale.
- Increased productivity
- Reductions in the expenditures of claims
- Reductions in legal expenditures
- Reductions in misuse, theft, and/or losses to equipment and property

These Risk Management metrics in turn are used in the following goals:

Goal 1: Ensure airport operates safely

Performance metrics here include:

- Transport Canada Aerodrome Certification Audit
- The number of Safety incidents

Goal 2: Ensure airport operates securely

Performance metrics here include:

- TC Security Audits
- The number of security violations
- Restricted areas pass control implementation and monitoring

Goal 3: Ensure safe working environment

Performance metrics here include:

- The number of days lost due to accidents
- The number of WCB claims
- Meeting acceptable Glycol measurement targets

4.2.3 Emergency Response Plan

The RAA has created an Emergency Response Plan designed to help prepare for and manage the Airport Authority's response in a crisis. The development and execution of an effective emergency response reinforces the Authority's public image as a competent, caring and responsible member of the community.

The Emergency Response Plan is organized to identify the key contacts and communication tools to support the Authority's public response to emergencies.

4.2.4 Regulatory Compliance

The statutory obligations which may apply to the RAA in its operation of the YQR aerodrome arise from the terms of the laws of Canada. A list of applicable legislation is given in Annex B (although this list is not exclusive as other federal legislation may also apply to the operation of the airport, or to the RAA as an employer).

A comprehensive analysis of the implications arising from these Federal statutes and supporting regulations was not within the scope of this review. However, we are of the opinion that because the RAA has maintained itself as the YQR operator as a certified aerodrome under the Aeronautics Act, and remained free of any unresolved complaints under any of the above legislation for the period under review, that this demonstrates a positive assessment of the RAA's compliance with its regulatory obligations under the applicable Acts.

4.3 Human Resources

4.3.1 Senior Management

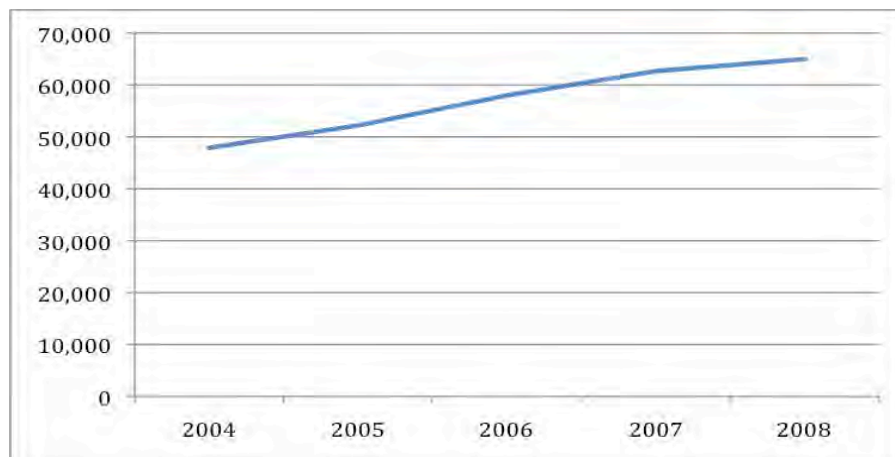
Notwithstanding the fact that over the past five years the RAA had four CEOs, the management of the AA did not suffer. This confirms that the fundamental operating processes and procedures of the AA are sound.

4.3.2 Labour Relations

Our interviews with management, members of the Board, and staff indicated that labour relations are at a level to what we consider to be generally accepted industry standards. A few issues were raised as annoyances, but nothing was mentioned that was substantive. The last contract negotiation was handled fairly and in good faith. No one we spoke with mentioned wages, benefits, hiring, evaluation or training in a negative manner, so we are of the opinion that the RAA is meeting its obligations in this regard.

4.4 Aircraft Movements

From 2004 to 2008 the aerodrome had a 35.7% increase in aircraft movements, from 47,894 in 2004 to an estimated 65,000 in 2008 (final numbers were not available at time of the review).



4.5 Regional Economic Contribution

Economic impacts measure the importance of airports in the aviation industry in terms of the employment they provide and the goods and services they utilize. Transportation benefits are the services that a community hopes to obtain by developing and maintaining an airport. Airports are a necessary means of connecting communities to world markets.

4.5.1 Transportation Benefits

The RAA provides a variety of public benefits to not only Regina, but also its catchment area of the southern part of the Province of Saskatchewan. The most substantial benefits to the travelling public are the time and cost savings associated with air transportation compared to other modes. Other benefits include:

- High levels of safety - meeting and exceeding national standards;
- Comfort and convenience - well maintained user-friendly facility and services;
- Access to national and international destinations - economic reach;
- Enhancements to community well being - enhance infrastructure;
- Inbound and outbound business travelers and tourists.

C - Major Finding: The RAA has demonstrated during the period of review a commitment to regional economic development through its adoption of an active strategy to directly invest in the local economy.

The City of Regina, the City of Moose Jaw, and the rural municipalities surrounding the airport have directly benefited from the presence of a well-run and well-managed transportation asset such as the YQR aerodrome. It facilitates service to a significant catchment area.

Apart from the RAA's existing potential to develop the aerodrome property, and as a reflection of its commitment to long-term stewardship, it is considering the purchase of land immediately adjacent to runway 13 - 31 (North). This will greatly increase its ability to utilize its air-side capacity and will leverage even greater growth in the near to mid-term future.

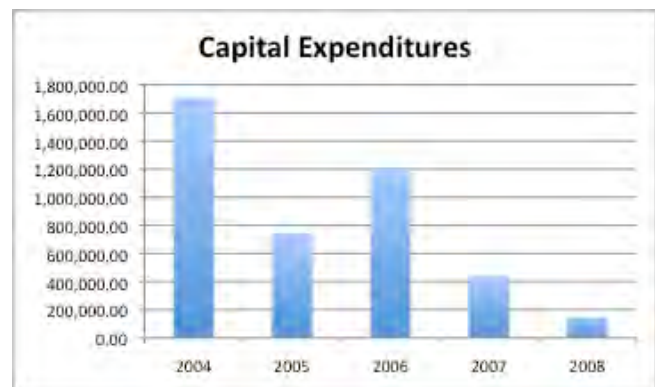
4.5.2 Economic Benefits

Airport economic impacts are assessed by looking at the full extent of the airport's impact on the local, regional and national economy, from the actual movement of passengers and freight, to the stimulation of economic growth that the airport's presence can cause in a local situation. Total economic impacts are made up of three components: direct, indirect and induced impacts. Direct impacts are consequences of economic activities carried out at the airport by airlines, airport management, fixed base operators, and other tenants with a direct involvement in aviation. Employing labour, purchasing locally produced goods and services, and contracting for airport construction and capital improvements are examples of airport activities that generate direct impacts. The distinguishing feature of a direct impact is that it is an immediate consequence of airport economic activity.

Indirect/induced impacts result from activities associated with the use of airport services which are typically generated away from the airport facility (i.e., hotels, restaurants and travel agencies) and the successive rounds of spending in the local community that result from all of the above.

The RAA has recognized that its important role in fostering increased use of the facility has just such a multiplier effect in the region. During the period under review, RAA continued as a busy airport serving scheduled and charter passenger air carriers, corporate aircraft, and cargo air carriers.

Over the past five years, the RAA has invested \$34.174 million in capital improvements to the aerodrome. The very large majority (more than 90%) of this has been spent in the City of Regina and the surrounding area.



In 2009 the aerodrome did an economic impact study⁴ of the effects its operations have on the local community. The study estimated that the aerodrome contributed \$472 million in direct, indirect and induced benefits to Regina and area. In 2008 the RAA itself directly provided 37 full-time jobs, one part-time job, four seasonal jobs and five summer/student jobs. The industries located on

⁴ *The 2008 Economic Impact of the Regina International Airport*, RP Erickson & Associates, May 2009

airport lands further employ another 825 persons. The economic analysis performed by Erickson & Associates indicates that from this direct workforce approximately 2,400 direct jobs are created within City of Regina and its surrounding communities. The total economic impact (direct, indirect and induced) of the aerodrome on Regina and the local economy is estimated at 5,226 jobs, \$182.6 million in labour income, and 472.4 million to the local GDP. This is approximately 6% of Regina's total GDP.

4.6 Environmental Awareness

The RAA is committed to minimizing environmental risk and continues to regard its environmental responsibilities, and also those responsibilities of its tenants, as key to its future success.

The Environmental Management Plan was designed to meet that goal in a transparent and easy to use manner. The Environmental Strategy and its resultant Plan are designed to ensure that the RAA is in compliance with all applicable environmental laws and regulations.

To this end, the RAA undertakes Environmental Assessments in advance of all land altering airport projects.

4.6.1 Wildlife Management

The RAA has an active program to deter birds and other wildlife such as deer, fox and coyotes. Grass in the proximity of runways, taxiways and aprons is managed to minimize insects and the birds which feed in it. Low-lying areas near runways are modified to reduce water pooling which may attract waterfowl.

The RAA honours the Canadian Species at Risk Act and supports the goals of the Committee on the Status of Endangered Wildlife in Canada.

D - Major Finding: The RAA has demonstrated during the period of review an exemplary commitment to its management of the airport environment. It consistently demonstrates its awareness and concern about its environmental responsibilities, and is open in conducting its environmental program.

4.6.2 Hazardous Materials and Storage Tank Management

Glycol aircraft de-icing and fluid storage blending and dispensing are in conformance with federal and provincial guidelines, and minimize environmental impact. This is achieved without impacting aircraft safety.

A program of glycol management is done in conjunction with the City of Regina. The City uses the glycol runoff as an active ingredient in its sewage treatment and water management systems. A gate controls the flow of glycol into the city sewer.

The fuelling operator complies with CSA International Standards for storage, handling and dispensing of aviation fuels at aerodromes.

The RAA has a Storage Tank Management Program and keeps a current inventory of all below- and above-ground tanks. Tanks are inspected annually and a tank inventory is kept.

4.6.3 Sanitary Source Control

The RAA ensures that staff are trained in spill control. All tenants must comply with discharge regulations, and participate in regular and random inspections of their facilities.

4.6.4 Spill Response

The RAA has a Spill Response Program which comprises spill management procedures; tabletop training and exercises; processes for dealing with all potential spills, contamination of surface and ground water, soils and sediments, and the safety of the public and workers. Areas of the aerodrome are equipped with spill sheds stocked with containment and clean-up materials.

4.6.5 Environmental Assessment Program

Over the course of the past five years, the RAA has received a “totally satisfactory” result from Transport Canada’s Annual Environmental Inspections.

4.6.6 Noise Control

The reports from TC’s annual Ground Lease Review note that noise arising from airport operations is not an issue at the Airport. The City of Regina has generally followed Transport Canada’s noise exposure forecast and land use planning has restricted incompatible residential use of the surrounding land. The RAA works closely with the City to ensure that noise exposure is used to guide surrounding development.

Noise issues are also addressed by the Community Consultative Committee.

4.7 Contribution to the Advancement of Air Transportation

The RAA plays an important role in the advancement of Air Transportation, particularly as it relates to the Province of Saskatchewan.

Through its consistent determination to facilitate air transportation activities, it operates in two principal areas: as an originating point for travelers to the rest of Canada and to the United States, and as a local terminus connecting Regina with the Province of Saskatchewan, and other locations.

The RAA continues to be active in a number of national forums, notably the Canadian Airports Council (CAC). This provides the RAA in return with vital communications, operational, technical, regulatory and political links.

4.8 Customer Service

The RAA maintains a focus on satisfying its various stakeholders including passengers, air carriers, service partners, and the region within which it operates.

4.9 Relations with Service Partners

Because of the very large number of service partners that interact regularly with the RAA, the scope of the review did not allow us to undertake a comprehensive survey of all the service partners of the RAA. However we interviewed a significant sample of commercial undertakings and general aviation companies to review their perspectives on the RAA as a business partner.

E - Major Finding: RAA has demonstrated through its public statements about customer service and its placement of customer service at the top of its priorities, an exemplary commitment to high quality customer service.

Their overall comments were that the RAA was open in its dealings with them and that they were generally satisfied with the RAA's operation.

One air carrier representative with whom we spoke believed that the RAA had an excellent relationship with them. They indicated their strong approval for the overall direction that the RAA had taken, showing leadership in continuing with the renovations and additions to the air terminal building (ATB), and the upgrading of aprons, parking areas, and access roads.

Another airline had positive comments on the RAA's track record of consultation and openness on major developments over the five-year review period. They both noted the need to maintain the consultative committee for the years ahead, and expressed enthusiasm for the current process.

A concession operator is pleased with the operation of the ATB as it is undertaken by the RAA. The company appreciated the consultative approach taken by the RAA when considering improvements to facilities. They expressed satisfaction with the discussions they were able to have with the RAA concerning the impact of change on them.

It was not possible to conduct a survey with all the land tenants of the RAA bearing in mind the time frame and budget available for this review. Those land tenants we did speak with, and two in particular, were favourable in their description of the RAA and its relationships with them.

Even though ten years have passed since the RAA took over the operation of the aerodrome, a number of those interviewed specifically contrasted the responsiveness of YQR since the departure of Transport Canada as the operator, and wished this positive attitude on the part of the RAA management team to be noted in the report. They commented with a sense of pride in the accomplishments of the RAA in managing and developing the aerodrome as an air terminal fully aware of the needs of the local community and the Province.

Current airlines offering scheduled services are: Air Canada, Air Canada Jazz, WestJet, Delta, Skyservice, and ExpressAir.

Charter services are available from: Pro-Flight Charters, Southern Aviation, and West Wind Aviation.

Six car rental agencies (Avis, Budget, Enterprise, National, Thrifty and Hertz) service the airport.

Taxi, hotel shuttles, and limousine service is available from the air terminal. There is no city bus service.

Air cargo services are available.

4.10 Relations with the Community

There is a Community Consultative Committee which meets twice annually.

In addition the CEO meets with interested parties on a regular basis, and undertakes presentations and Q&A sessions with variety of area stakeholders.

The RAA actively supports the local Air Cadet program.

4.11 Retention and Development of Aerodrome Lands

In 2007 the RAA produced a twenty-year (2007 - 2027) Master Plan consisting of a vision and land use plan for the aerodrome and its property. The assessment of available lands for development showed significant lands available to support existing and anticipated airfield requirements during the development period.

The Master Plan, in our opinion, was based upon conservative revenue estimates and acknowledged the risks associated with adding additional infrastructure. It described a responsible and appropriate plan for the long-term development of the RAA lands given the knowledge available at that time.

It addressed the following:

- Social, economic environment, aviation activity and forecasts;
- Constraints and opportunity analysis;
- Airfield analysis;
- Air terminal building complex;
- Air cargo;
- Airside commercial development;
- Airside operations and support;
- Groundside commercial development;
- Groundside access and servicing;
- Environment;
- Community interface; and,
- Airport land use plan.

Moreover, the RAA is considering the acquisition of land immediately adjacent to runway 13 -31 (North). This will allow for significant development of groundside and airside infrastructure linking to a new inter-modal freight facility being developed west of the aerodrome, and is a reflection of the RAA's commitment to long-term stewardship.

4.12 Adherence to Corporate Objectives – Financial Viability

On 1 May 1999 the Regina Airport Authority entered into a ground lease agreement with the Government of Canada to transfer control of the Regina Airport to the Authority. The ground lease is for an initial term of 60 years with a 20-year renewal option.

The RAA attributes its financial viability to its being debt-free. It has over the period of the review demonstrated accurate and careful financial and business planning.

4.12.1 Capital Expenditure

The RAA has incurred no long-term debt to fund its capital program.

Since 2004, the RAA has spent just under \$34.174 million on improvements to the infrastructure of the aerodrome.

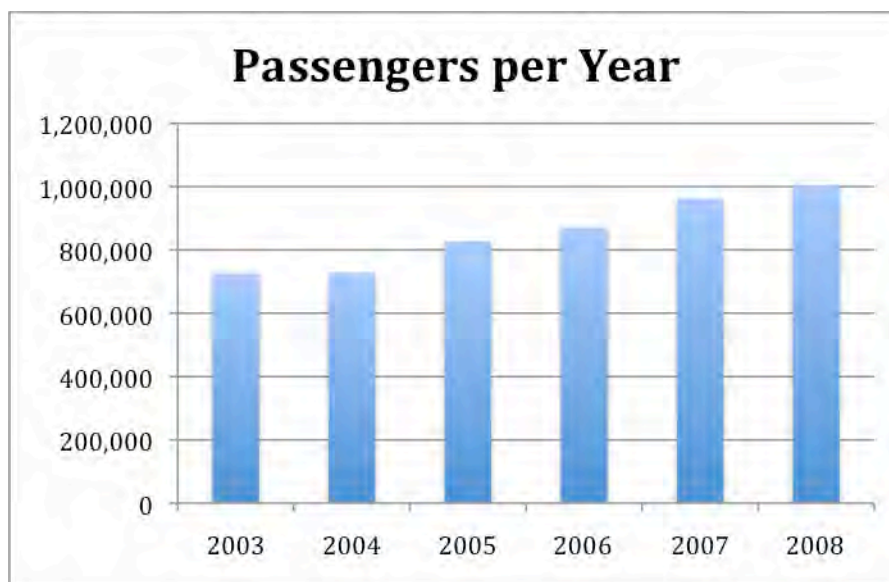
The Airport Improvement Fee of \$15 per departing passenger is used to fund capital expenditures.

4.12.2 Passenger Volumes

Although the airport suffered a 6.2% drop in passenger traffic for the year immediately after 9/11, the passenger traffic since 2004 has increased every year: from a passenger volume of 728,028 in 2004 to 1,005,270 in 2008. This is an increase of 277,242 passengers per year, or 38.1%.

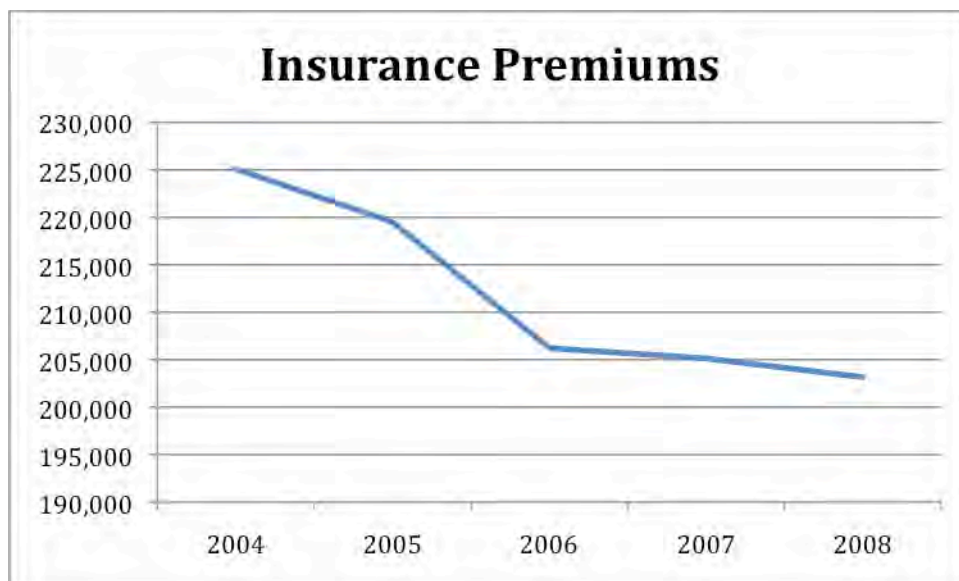
Fiscal Year	Number of Passengers	Increase	Percent Change
2004	728,028	-	-
2005	826,506	98,478	13.5%
2006	871,416	44,910	5.4%
2007	962,692	91,276	10.5%
2008	1,005,270	42,578	4.4%

A graph of these numbers is given on the next page.



4.12.3 Insurance Premiums

The aerodrome has seen a 9.7% decrease in insurance premiums over the past five years, from an annual premium of \$225,077 in 2004 to \$203,159 in 2008.



4.12.4 Financial Operations

The RAA operates the aerodrome with fiscal prudence and sound financial management. The financial results reflect this operating philosophy.

The Consumer Price Index over the period of the review increased from 102.8 in 2004 to 114.1 in 2008⁵. This represents a 11.3% increase in cost of living over the past five years. Over the period of the review, revenues increased 54.0% and expenses increased 46.9%.

In 2008, revenues from operating the aerodrome were \$9,005,482 with an operating profit of \$859,611. When the Airport Improvement Fee is included as revenue, the total income was \$15,832,154. On a “per passenger” basis, in 2008 the RAA generated a total income (revenue and AIF) of \$15.75 per passenger, and expenses of \$8.10 per passenger.

The financial statements available referred to the periods including all of calendar 2004 through to calendar 2008. We spoke with management regarding their expectations for the financial picture in year 2009 and they expressed the view that it is consistent with their projections.

F - Major Finding: Throughout the period under review the RAA has effectively utilized its assets, (capital and operating) and maintained a financially viable operation. It is one of the few NAS airports operating without any long-term debt.

4.13 Airport Improvement Fee

The RAA is party to an agreement with the Air Transport Association of Canada and air carriers serving the Regina Airport. The Airport Improvement Fee (AIF) Agreement provides for a consultation process with air carriers on airport improvements as well as the collection of AIF by air carriers. AIF revenue is collected by the airlines on behalf of the RAA. The airlines are entitled to withhold 7% of the fees they collect as a handling fee.

The AIF is \$15 per passenger for all commercial flights, except for intra-provincial flights where the AIF is \$5 per passenger.

At the RAA, AIF revenues are used to fund capital expenses related to the construction or improvement of airport infrastructure which benefits passengers and air carriers. In from 2004 to 2008, the AIF produced revenue of \$23,481,761. As at 31 December 2008, the Capital Fund had a deficit of \$3,702,000. After allocating unrestricted general operating funds to cover the Capital Fund deficit, unrestricted reserves amount to \$4,819,200.

⁵ Source: Statistics Canada, base of 100 in 2002.

At time of writing this report (July 2009), the airlines collect the AIF at the time the ticket is paid for, not when the passenger actually flies. Several months, or more, could elapse between time of payment and time of flight. The airline has 30 days in which to pay the AA once the ticket has been used. There is concern over this method of collection and payment as the monies collected may be at risk. It may be fiscally prudent if monies collected by the airlines are treated as advance payments by the passenger and held in a trust fund.

4.14 Airport Lands Development Plan

Development of Airport land has been in compliance with the Ground Lease with the Federal Government.

5 Accountability and Governance

This section reviews the extent to which the RAA has operated in a manner which is accountable and responsive to its community, and the effectiveness of its governance mechanisms in managing a modern airport.

5.1 Board Structure

The Board is the primary instrument of corporate governance. It is tasked with setting policy for management, and with ensuring that management is accountable to airport stakeholders. In fulfilling this role, the RAA's Board is demonstrably representative of and responsive to its community. The RAA is a not-for-profit corporation incorporated under the Canada Corporations Act and members of the Board of Directors are nominated by federal, provincial and municipal governments and the RAA Board itself.

5.2 Board Composition and Activities

The RAA's Board is comprised of 11 to 13 members. The Letters Patent establishing the RAA and its consolidated general operating by-law, as amended, provides for no fewer than seven and no more than 15 members. There are currently 12 Board members. Its composition is given below. Nominators for Board members are:

- Federal Government (2)
- Province of Saskatchewan (1)
- City of Regina (6)
- City of Moose Jaw (1)
- Regional Municipality of Sherwood (1)
- by the Board in its own right (2)

CHAIR

Larry Scheider, Nominator: City of Regina

VICE CHAIR

Patricia Warsaba, Nominator: Government of Canada

SECRETARY

Frank Flegel, Nominator: City of Regina

MEMBERS

Bob Linner, Nominator: Province of Saskatchewan

David MacLeod, Nominator: City of Regina

Brian Martynook, Nominator: City of Moose Jaw. Chair, Community Consultative Committee

Catherine Roberts, Nominator: City of Regina

Blair Ross, Nominator: Government of Canada

James Rybchuk, Nominator: City of Regina. Chair, Governance and Nominating Committee

Larry Smart, Nominator: R.M. of Sherwood

Vaughn Solomon-Schofield, Nominator: City of Regina

David Walsh, Nominator: the Board. Chair, Audit & Finance Committee

These appointments overlap and thus allow for continuity in the exercise of overall governance of the RAA. The broad cross-section from the community aligns with the intent of the Ground Lease to assure that as many stakeholder interests are considered as is practicably possible. It is expected that the policies of Transport Canada and the National Airports System will continue in assuring this broad cross-representation.

As currently constituted the Board is a good representation from across the City, its surrounding area, and the Province.

5.3 Bylaws

The Bylaws of the RAA are kept current and are updated as required.

5.4 Preparation and Quality of Strategic and Business Plans

The RAA Board of Directors has evolved policies that articulate the Board's vision, governance process, Board to Management relationship, and functional leadership. The Board has established the following Vision

and Mission statements as the primary long-term strategic guidance for the RAA.

Vision

A sustainable and customer service focused gateway airport that enhances economic growth and access to Regina and southwest Saskatchewan.

Mission

To manage and operate our airport in a safe, secure, efficient, commercially viable and environmentally responsible manner.

Annual objectives and performance measures are set for the CEO by the Board and are the subject of a formal review.

Annual Business Plans are developed consistent with the overall strategic directions of the RAA. Each strategic direction contains specific action plans and guidance responding to these directions. This has resulted in the development of focused operational planning documents setting performance measurement targets linked to initiatives which all relate to the strategic direction for the RAA. The Business Plan is re-visited semi-annually and updated as appropriate.

G - Major Finding: RAA has demonstrated during the period of review its commitment to consistent, high quality, strategic and business planning. It has evolved a structure that is well understood, well documented and effective in guiding the RAA as an effective not for profit corporation, run with due regard for its stakeholder communities.

We believe that the RAA has taken a conservative and well grounded approach in the development of its Master Plan, which is consistent with the strategic directions expressed by the Board in its Mission Statement. These fundamental strategic expressions are applied consistently through Business Plans, both past and present, and are achievable by the RAA.

In our view an alignment exists between the Vision, Mission, Master Plan and Business Plans.

5.5 Conflict of Interest

The RAA has a Code of Conduct for Directors, Members, Officers and Employees. The Code of Conduct has a conflict of interest statement.

6 Future Challenges

As of the end of the year 2008, more than 240 airports offered scheduled passenger service in Canada, but 90% of all commercial traffic was handled by the largest 26 of the country's 89 airports which make up the National Airports System (NAS). The Airport Authority approach was developed by Transport Canada in the 1980's and 1990's to replace an ill-defined and ad-hoc system of airport management. The government had exercised its responsibilities for more than 60 years with no statutory, regulatory or policy framework to define the role for the federal government in the operation of airports.

Airport performance had historically been undermined by several factors, including a large centralized administration and restrictive public-sector labour agreements that increased airports' labour requirements. With local control, the expectation of the federal government was that airports would operate in a commercial and cost-effective manner and be more responsive to local needs. The transfer was also aimed at facilitating investment and relieving the airports of government financial constraints.

6.1 Board Composition

The Canada Airports Act (introduced in 2004) was opposed by many AAs, which believed it to be an unnecessary and costly regulation, aimed at addressing problems that did not exist.

The Act as originally proposed died in Committee. However, during 2005, discussions continued with the Minister of Transport and his officials on the subject of a new and less onerous Act. This was introduced as Bill C-20, and received first reading on 15 June, 2006.

The proposed Act provides for a more balanced representation on the boards of directors of the airport authorities through consultation with and nominations from local governments and the non-governmental sector. Under the proposed Act, the following conditions shall apply to the nomination and appointment of directors:

1. The Minister shall appoint two directors. The province in which the authority is located shall appoint one director.
2. The airport authority's by-laws shall provide for a number of not less than two and not more than five directors to be appointed by the board from candidates nominated by regional authorities or municipalities that are designated by the by-laws as nominating bodies. The nominating bodies designated by the by-laws shall include:

- a. the municipality in which the principal airport is located; and
 - b. the principal municipality served by the principal airport, if it is not the municipality in which the airport is located.
3. The airport authority's by-laws shall provide for a number of not less than two and not more than five directors to be appointed by the board from candidates nominated by non-governmental organizations that are designated by the by-laws as nominating bodies. The designated organizations shall be chosen from at least two of the following:
 - a. an economic organization;
 - b. a community organization;
 - c. a provincial association of lawyers, notaries, engineers or accountants;
 - d. a labour organization, other than a bargaining agent for any employees of the airport authority or an air carrier; and
 - e. the national association of domestic air carriers, in the case of an airport authority that does not operate a principal airport that meets a passenger threshold of two million.
4. No more than three directors who have been nominated by the same nominating body may serve on a board at any time.
5. The Board may appoint up to three other directors who have the particular skills, knowledge or experience needed by the board to carry out its duties.

Although the Act has not yet been passed, the RAA has already modified its Bylaws and placed conditions under which nominators may put forward nominees (such as work experience or professional designation), and that the Board may not necessarily accept any of the nominees.

The RAA must also address the issue of the maximum number of Board members nominated by a municipality. At present six Board members are nominated by the City of Regina. Under the new Act this number would be reduced to five, or even three. As the proposed Act stands, there is a conflict between articles 2 and 4. Article 2 states that a municipality may nominate a maximum of 5 persons. Article 4 states that no more than 3 directors nominated by the same body may serve at any one time. If article 4 prevails, the City of Regina will be restricted to 3 nominees.

6.2 *Ground rents*

6.2.1 The Rent Formula

In or about 2005, after concerns were raised by Airport Authorities across Canada, Transport Canada developed a set of "Guiding Principles" regarding the development of a new rent formula for airports. As part of those guiding principles TC established a target dollar amount as income to the federal government's General Revenue Fund. This "target dollar amount" was based upon the total rent from all airports in the NAS, which in turn was based upon an airport-by-airport cash flow projection (completed in about 2004) done as part of the rent review process.

There are major faults with the rent review process, the cash flow projection, and the resulting rent formula. These faults arise from several factors:

1. Rent is driven by gross airport revenue. In the case of the Regina aerodrome, gross airport revenue is a severely misleading indicator of the airport's financial health. In the absence of any recognition by TC of increasing operating and capital investment costs, which in turn drive the need for increases in revenue, the use of gross airport revenue as a basis for rent calculation is invalid.
2. Air traffic across Canada has grown significantly faster than TC would have used in conservative projections for revenue. Revenue and rent (for those aerodromes which are paying rent) has grown faster than projected. Revenues are extremely unlikely to ever return to the levels used in the rent projections.
3. Construction cost inflation has forced aerodromes to increase their capital set-aside rates to cover those costs. TC's projections did not anticipate any increases in construction costs in their revenue projections.
4. Passenger and air service growth across Canada has driven the aerodrome capital program faster than what was expected. To finance the expansion needs the AA's have increased their capital rates. TC's gross revenue projections and resulting rent have not anticipated the capital rate increases.
5. For the majority of NAS airports, the AIF is a source of funds for capital investment and is NOT a source of operating earnings. Rent resulting from growth and increased operating earnings may be palatable, but paying rent on the AIF is poor public policy, and misleading to Canadian citizens. The AIF should **NOT** be a source of tax revenue. The increases in the AIF are necessitated by construction

inflation and a need for more infrastructure maintenance and expansion to meet demand. Neither of these two fundamental costs improve bottom line profitability.

The RAA has taken every opportunity to address this issue with TC, in order to make it clear to TC that the AIF is necessary for the aerodrome to cover its capital and operating costs and must not be included in any rent calculation.

6.2.2 Equitable Rent

Airport projects present special challenges as they are by nature very large, long term, expensive, highly-visible, (sometimes) remote, single-purpose structures designed to house a specific economic activity of vital interest to the community. They are also especially prone to significant political interventions e.g. Mirabel.

With respect to ground rents the airports should have two concerns:

- how the land rent due to the federal government ranks relative to the long term lenders' security; and,
- how the risks of inflation are allocated between the players over the life cycle of the project.

In 2007, the Regina Airport Authority Inc. commenced paying rent on the land it leases from TC. The rent payable by the RAA may not be equitable and fair, when it is considered that the AIF is included as revenue in the formula used by TC to determine the amount of rent payable.

In spite of the important change in the federal rent formula, airlines and airports across Canada continue to question the dollars being taken from the aviation industry in this way. This hidden tax will continue to grow at an high rate year after year. The RAA may wish to add its voice to the industry's call for an even more fair and equitable rent structure in the future.

The RAA may wish to investigate the following in more detail:

- b. By indexing the land rent, the federal government is seeking a reward for a risk it is not taking, by building in an inflexible share of the airport revenues, which themselves are subject to fluctuation. Is the government entitled to do this? And, if so, is it entitled to be the only player who gets this rigid protection?
- c. Airport Authorities, as the tenant and not the Federal Government as the Landlord, are responsible for maintaining and developing airports. Therefore rent should be based on the asset as it was

transferred and not on the new and improved assets developed by the AA.

- d. AA's should get a rent credit for any asset maintenance and/or development costs they incur.
- e. At the RAA the AIF is used exclusively for capital improvements to the airport property that is owned by the Federal Government. It is clear that the AIF is a tax on passenger travel meant to pay for capital improvements to the aerodrome. Including the AIF in the rent calculation means that a tax is being used to pay for another tax. For this substantive reason the AIF should be excluded from Gross Revenue in the determination of rent.
- f. Transport Canada established a target for the gross amount of rent it was seeking and the Regina Airport has been paying five times that amount. The formula is flawed and it is failing to meet TC's own objective. The rent amount needs to be fixed at the amount that was established as TC's own target.

6.3 Increased Impacts of Security Requirements on RAA

The Federal government continues to be responsible for regulating all aspects of aviation safety and security. In addition, the National Airports Policy acknowledges the government's continued responsibility for the integrity and viability of the NAS as a whole.

Public confidence in safety and security is essential to maintaining an effective airport operation and while Transport Canada is addressing security concerns through regulation and the creation of separate agencies like CATSA, it is sometimes apparent that their focus is on the larger airports. Indeed some of the Government's regulatory changes appear not to have taken sufficiently into account the operational and financial burdens that this imposes on airport operators.

These issues most certainly include:

- Capital investment to respond to changing security commitments; and
- Gap between rising infrastructure costs and declining prices charged by carriers.

Of concern to the RAA are two major issues:

- The forthcoming regulations concerning the handling of air cargo. These regulations may impact the RAA substantially both in terms

of infrastructure cost and administrative overhead necessary to meet the regulatory burden; and

- Airside access and security, and the costs and administrative overhead necessary to meet regulatory changes.

6.4 Negative impacts on the AA when it practices due diligence

The RAA is considering the purchase of land on the NW corner of the aerodrome. This will accomplish two very important things:

1. It will allow the AA room to expand and grow its non-core business of air operations.
2. The land will protect the AA's air operations from environmental and noise issues.

The additional land will allow the AA to diversify and increase its revenue stream. And the increased revenues will attract increased rent.

However that is not the major issue.

Through its diligence, the AA has increased its ability to generate revenue, and to act as a good corporate citizen. But in 50 years, when the lease expires, if the RAA has purchased this land then the Crown will receive an asset greater in value than when the lease began, and, more importantly, it will receive a much larger piece of property than that which it originally leased to the AA.

This is unfair. And the AA may wish to begin discussions with the Crown as to how it will be recompensed for its fiscal probity and diligence in administering the leased lands.

7 Summary of Major Findings

A - Major Finding: We conclude that the RAA is in compliance with the terms of the Ground Lease and the Corporate Objects expressed in the Letters Patent.

B - Major Finding: The RAA has demonstrated during the period of review its willingness to support the necessary enhanced safety and security requirements and responsibilities that come with local airport authority management. This commitment is subject however to external factors (such as the new Air Cargo policy) to which in the past the RAA has responded effectively.

C - Major Finding: The RAA has demonstrated during the period of review a commitment to regional economic development through its adoption of an active strategy to directly invest in the local economy.

D - Major Finding: The RAA has demonstrated during the period of review an exemplary commitment to its management of the airport environment. It consistently demonstrates its awareness and concern about its environmental responsibilities, and is open in conducting its environmental program.

E - Major Finding: RAA has demonstrated through its public statements about customer service and its placement of customer service at the top of its priorities, an exemplary commitment to high quality customer service.

F - Major Finding: Throughout the period under review the RAA has effectively utilized its assets, (capital and operating) and maintained a financially viable operation.

G - Major Finding: RAA has demonstrated during the period of review its commitment to consistent, high quality, strategic and business planning. It has evolved a structure that is well understood, well documented and effective in guiding the RAA as an effective not for profit corporation, run with due regard for its stakeholder communities.

ANNEX A – BACKGROUND DOCUMENTS REFERENCED IN THIS REVIEW

Accident / Incident Investigation Procedures
Accident / Incident Reporting System
Aerodrome Safety Circulars
Aerodrome Security Measures
Aerodrome Standards and Recommended Practices
Air Carrier Security Measures
Airport Emergency Response Plan
Airport Maintenance Management System
Airport Master Plan
Airport Operations Manual
Airport Records Agreement
Airport Restricted Area Access Clearance Security Measures
Airport Safety Manual
Airport Traffic Directives
Airside Operations Handbook
Airside Vehicles Operator's Permit Program
Annual Reports – 2004 to 2008
Apron Safety Management Plan
Assignment, Assumption and Indemnity Agreement
Assumption Agreement
ATB Evacuation Plan
ATB Fire Safety Plan
Bird and Wildlife Management Plan
Board of Directors' Governance and/or Policies
Business Plans
Canada Air Pilot
Capital Plan
Conflict of Interest Statements
Confined Space Procedures
Corps of Commissionaires SOPs
CSA Standards B 836-00 Aviation Fuels (storage, handling & dispensing)
Emergency Procedures Manual
Environmental Management Plan
Financial Statements – 2004 to 2008
Ground Lease
Input and feedback received by the RAA from third parties
Insurance Premiums – 2004 to 2008
Insurance Trust Agreement
Internal documents including bylaws, policies and procedures
Letters Patent
Letters relating to the Wallace Rupert Turnbull monument
List of Litigation
Memorandum of Agreement on Employment
Memorandum of Agreement on Security
Policies and Procedures Manual
Public Accountability Principles
Runway Condition Reporting
Security Operational Guidelines
Sharing the Skies (TP 13549 E)
RAA/NAV Canada Consultative Committee Terms of Reference

RAA/NAV Canada MOU
RAA Tenants and Stakeholders Directives
Regina Airport Zoning Regulations
Winter Operations Manual
Crisis Communications Plan

ANNEX B – APPLICABLE LEGISLATION

Aeronautics Act;
Airport Transfer Act;
Canada Corporations Act;
Canada Environmental Assessment Act;
Canada Environmental Protection Act;
Canada Labour Code;
Canadian Air Regulations;
Canadian Air Transport Security Authority Act;
Canadian Aviation Security Regulations;
Canadian Environmental Assessment Act;
Canadian Environmental Protection Act;
Canadian Flight Supplement;
Canadian Labour Code;
Commercial Arbitration Act;
Customs Act;
Health of Animals Act;
Immigration Act;
Orders under Fire Prevention Act;
Quarantine Act;
Transportation Act; and,
Transportation of Dangerous Goods Act.

ANNEX C – AIRPORT CERTIFICATE

	
CIVIL AVIATION AIRPORT CERTIFICATE	AVIATION CIVILE CERTIFICAT D'AÉROPORT
5151-C137	
<small>CERTIFICATE NO. / N° DU CERTIFICAT</small>	
Regina International Airport	
<small>NAME OF AIRPORT / NOM DE L'AÉROPORT</small>	
N50° 25' 55" W104° 39' 57"	
<small>LATITUDE / LONGITUDE</small>	
<p>This airport certificate is issued by the Minister pursuant to Part III of the <i>Canadian Aviation Regulations</i> under authority of the <i>Aeronautics Act</i> and authorizes the operator named in the approved Airport Operations Manual to operate this airport.</p> <p>The Minister may suspend or cancel this airport certificate at any time where the airport operator fails to comply with the provisions set forth in the Act, the Regulations or for other grounds as set out in the Act.</p> <p>This certificate is subject to any conditions established by the Minister pursuant to Section 302.03(3) of the Regulations and set out in the approved Airport Operations Manual.</p> <p>This airport certificate is not transferable and shall remain in effect until transferred, suspended or cancelled.</p>	<p>Ce certificat d'aéroport est délivré par le ministre en vertu de la Partie III du <i>Règlement de l'aviation canadien</i> sous l'autorité de la <i>Loi sur l'aéronautique</i> et il autorise l'exploitant, tel que l'établit le manuel d'exploitation d'aéroport approuvé, à exploiter ledit aéroport.</p> <p>Le ministre peut suspendre ou annuler ce certificat d'aéroport en tout temps si l'exploitant de l'aéroport ne se conforme pas aux dispositions établies dans la <i>Loi</i>, le <i>Règlement</i> ou pour toutes autres raisons tel que l'énonce la <i>Loi</i>.</p> <p>Ce certificat est sujet à toutes les conditions fixées par le ministre en vertu du paragraphe 302.03(3) du <i>Règlement</i> et tel que l'établit le manuel d'exploitation d'aéroport approuvé.</p> <p>Ce certificat d'aéroport doit demeurer en vigueur jusqu'à son transfert, sa suspension ou son annulation.</p>
	
<small>MINISTER OF TRANSPORT - MINISTRE DES TRANSPORTS</small>	
18 March 2004	
<small>CERTIFICATE DATE OF ISSUE DATE DE DÉLIVRANCE DU CERTIFICAT</small>	
Replaces original Certificate issued 01 May 1999	
	

ANNEX D - COMPLIANCE GRID

Requirement	Source		Comply
Acquire Airport Properties from the Crown	Article 3.1	Letters Patent	Comply
Manage, develop and operate properties for general benefit of public	Article 3.2	Letters Patent	Comply
Develop airport properties	Article 3.3	Letters Patent	Comply
Confer with governments	Article 3.4	Letters Patent	Comply
Expand facilities and generate economic activity	Article 3.5	Letters Patent	Comply
Confer with nominators	Article 3.6	Letters Patent	Comply
Act as regional spokesperson	Article 3.7	Letters Patent	Comply
Contribute to advancement of air transportation	Article 3.8	Letters Patent	Comply
Support air facility infrastructure	Article 3.9	Letters Patent	Comply
Specific board composition	NAS		Comply
Notice for price increases	NAS		Comply
Community involvement	NAS		Comply
Competitive tendering for contracts over \$75,000 (1994 dollars - equal to \$97,425 in 2008)	NAS		Comply

ANNEX E - QUESTIONNAIRE - COMPLIANCE

Are you aware of any issue which has had a material impact on the management, operational and financial performance of the AA for the five-year period covered by this review? **NO**

Are you aware of anything which could have a material impact on the management, operational and financial performance of the AA in the immediate or near future? **NO, but are subject to global aviation impacts (e.g. 9/11, economic slowdown) and airline financial viability.**

The AA is responsible for providing a safe and efficient service to the public. Is there anything which has prevented it from doing this? **NO**

Please comment on the AA's business plans and approved objectives? **Master Plan review in 2007 and Strategic Planning exercise in 2008 to assist in defining long term direction and guiding decisions. Operational budget for year and approve in prior year. Budget is supported by annual capital plan and business plan as well as long term capital anticipated expenditure summary.**

Please comment on the financial and management controls, and the information systems and management practices, including the steps taken to ensure that: **the assets of the AA have been safeguarded and controlled; the financial, human and physical resources of the AA have been managed economically and efficiently; and the operations of the AA have been carried out effectively.** **CEO has regular on-going review. Quarterly finance committee meeting and review. Annual external audit. Preparation of annual budget by management team with involvement of finance committee. Budget discussions and approval by board prior to entering the new year. Establishment of capital budget as part of operational budget process. Annual update to strategic plan to guide annual budget efforts. Development of long term (20 year) capital plan to serve as guide for annual discussions. Five year ground lease compliance performance review. Undertaking of 20 year master plan to guide direction and identify any long term concerns or issues.**

Is there any other relevant information about the AA which could materially affect the performance of the review, or which the reviewer should be made aware of? **No**

Public Accountability

For the general benefit of the public in your region, do you: manage, operate and develop the airport in a safe, secure, efficient, cost effective and financially viable manner with reasonable airport user charges and equitable access to all air carriers? **Yes, consistent with Mandate and Vision.** Undertake and promote the development of the airport lands for which you are responsible for uses compatible with air transportation activities? **Yes, currently working on formalized Vision and Plan.** Expand transportation facilities and generate economic activity in ways which are compatible with air transportation activities? **Yes, actively promote.**

Does the Authority confer regularly with governments and community entities on matters affecting the operation and development of the airport and engage in only those activities that are consistent with its purposes? [Yes](#).

Composition of the Board of Directors and Qualifications of Directors

Are the directors Canadian citizens? [Yes](#)

Are they nominated and appointed through a process acceptable to the local/regional municipal governments? [Yes](#)

Is the board of directors representative of the community? [Yes](#)

Does it consist of individuals who collectively have experience and have shown capacity in such disciplines as: air transportation industry, aviation, business, commerce, finance, administration, law, government, engineering, the organization of workers, or the representation of the interests of consumers, and who have the business acumen and experience to assist in the management of the affairs of the Authority as an ongoing, viable, commercial enterprise? [Yes](#).

Does the board of directors include at least one representative of the business community, one representative of organized labour and one representative of consumer interests? [Yes](#)

Are each identified as such? [Yes](#).

Are any directors elected officials or government employees? [No](#)

Was the Chair of the board of directors an elected official or government employee at any time during the two years prior to his election as Chair of the board of the Authority? [NO](#)

Acceptance of the Process for Nominating, Appointing and Revoking the Appointments to the Board of Directors

Was the process of nominating, appointing and revoking the appointments to the board of directors expressed by resolution of the councils of the local and regional governments? [No. The process was approved by way of resolution to accept by-laws and subsequent approval by the Minister.](#)

Was the process approved in writing by the Minister of Transport prior to the submission of an application for incorporation of the Authority? [Yes](#)

Number of Directors

How many directors are there? [Currently 12. The minimum allowed is 11 and the maximum 13.](#)

Names, Title, Nominator? [See Report.](#)

Does the board consult with the nominators prior to the appointment of directors? [Yes.](#)

Conflict of Interest

Do nominees notify the board of directors and his nominator in writing of any business activity by the nominee or his associate (as defined in the Canada Business Corporations Act) which would pose an actual or perceived conflict of interest in his capacity as a director of the Authority? [Nominees are required to complete conflict of interest forms annually.](#)

If a change or anticipated change in circumstances creates for a director a continuing conflict of interest does he inform the board of directors and his nominator in writing? [YES](#)

Is there a Code of Conduct for directors, officers and employees? [Yes.](#)

Do any situations exist where use or occupancy of airport premises are at non arm's length from the AA? [No](#)

If yes, was prior acceptance given by the Minister of Transport to the AA that the financial terms and conditions of each intended use and occupancy of airport premises would produce gross revenue equivalent to that from an arm's length use and occupancy of the premises? [N/A](#)

Does the annual report provide information concerning the parties, the financial particulars and circumstances of each non arm's length transaction entered into in the preceding year. [YES](#)

Public Tenders

Does the AA optimize Canadian content and industrial benefits in the procurement of goods, services and construction contracts, particularly in the area of high technology services and equipment and construction contracting, in line with good private sector commercial practices where there is sufficient competition for such procurement in the Canadian market? [YES](#)

Are goods, service and construction contracts in excess of a total value of \$75,000 (1994 dollars subject to annual adjustment for inflation = \$95,795 @ 31 Jul 2008) awarded

following a competitive public tendering process? **YES. Any sole source contracts are approved by the Board and disclosed in the Annual Report.**

Does the Authority report at its annual general meeting and in its annual report, information concerning the contractor, the amounts and the circumstances of each such contract in excess of \$75,000 (\$95,795 at 31 Jul 2008) which was not awarded on the basis of a public tendering process in the preceding year and the reasons for doing so? **YES.**

Audits

Are financial audits conducted in accordance with generally accepted auditing practices? **YES**

Annual General Meetings and Reporting to the Public

Is an AGM held within 135 days of the end of the fiscal year relating to the management, operation and maintenance of the Airport, at a location on or near the Airport and in premises that are adequate for the size of audience that may reasonably be anticipated? **YES. Approximately 90 attendees in 2009.**

Are annual general meetings open to the public? **YES**

Does the AA:

- give at least 30 days' prior notice of each annual general meeting by using appropriate media to ensure public awareness of the meeting? **YES**
- afford a reasonable opportunity to the public for the asking of questions and the expressing of views? **YES**
- ensure that at least a majority of the members of the board including the Chair or Vice Chair and the Chief Executive Officer are present at each annual general meeting? **YES**
- present to the annual general meeting copies of its audited annual financial statements approved by the board, together with the auditor's report and the Authority's annual report for the previous year? **YES**
- In advance of each AGM, does the AA publish an annual report which includes the financial statements of the Authority, the annual auditor's report and a summary of its affairs during the previous fiscal year? **YES**

At the AGM, does the AA:

- report on performance relating to the business plan and objectives established by the Authority for the previous year and, as applicable, the past five year period? **YES**
- explain variances and corrective actions taken by the Authority? **Yes**

- present for the up-coming year and for the forecast five-year period a summary of its business plan including specific objectives (measurable where feasible) relating to the purposes of the Authority? **Yes**
- report on the remuneration provided to each of the members of the board of directors and either the salary or salary ranges of each of the senior officers of the Authority? **YES**
- report on the Authority's compliance and/or non compliance with the Conflict of interest principles? **Yes**

Is the annual report provided to each nominator and the Minister of Transport in advance of the annual general meeting as well as to the public on request? **Yes**

Public Notice of Changes in User Charges

Does the Authority give 60 days advance notice through appropriate local media of planned increases in airport: user charges (excluding rent)? **Yes**

Does the notice include an explanation of the justification for such increases? **Yes**

Community Consultative Committee

Is there a Community Consultative Committee? **Yes**

If yes, how often does it meet? **Twice annually. One session addresses noise concerns.**

If yes, who comprises its members? **Large representative group from the City of Regina and southern Saskatchewan.**

If no, how do members of the community express their concerns to the AA? **N/A**

Lessor's Consultative Committee

Is there a Consultative Committee for leaseholders of the AA? **No formal group.**

If yes, how often does it meet? **Informal**

If yes, who comprises its members? **Tenant community**

If no, how do lessors express their concerns to the AA? **Informal one on one visits.**

Airline Consultative Committee

Is there a Consultative Committee for airline operators? [Yes](#)

If yes, how often does it meet? [Semi-annually \(or upon request\)](#)

If yes, who comprises its members? [All major carriers with scheduled services. Other operators are advised of major changes with respect to rates and fees, etc.](#)

If no, how do airline operators express their concerns to the AA? [Express directly to managers or CEO](#)

Reporting to Nominators (Appointers)

Do directors report to their nominator no less than once a year? [Yes](#)

Performance Review

At least once every five years, does the AA commission a review of the Authority's management, operation and financial performance? [YES](#)

Is there an airport master plan? [Yes](#)

Is there an airport business plan? [Yes](#)

Amendments to Articles of Incorporation & By-laws

Are changes to the articles of incorporation or by-laws made without the prior written approval of the Minister of Transport? [Resolutions to change the by-laws are submitted to Minister of Transport.](#)

ANNEX F – EMERGENCY PROCEDURES

Aircraft Emergency Standby
Airport Security Program
Bomb Threat – Aircraft
Bomb Threat – Building / Facilities
Crash – Off Airport
Crash – On Airport
Earthquake
Fire – Structural Facilities
Hazardous Material
Hijacking
Inventory of Resources
Letters of Understanding (Mutual Aid)
Medical Emergency
Military Crash – Off Airport
Military Crash – On Airport
Natural Disaster
Security Breach

ANNEX G – AIRSIDE SAFETY PROGRAM

Airside Inspections :
 Airport fire Service
 Airport Security
 Electrical Staff
 Maintenance Staff
Airside Maintenance Work Program
Airside Vehicle Operators Program
Apron IV Safety Plan
Bird and Wildlife Control Plan
Construction Safety Plans
FOD Plan
Risk Assessment Manual
Safety Management System Manual
RAA Policies and Procedures
RAA Tenant and Stakeholders Directives
Winter Operations Plan