

**Questions and Answers for the Proposed
Alberni Valley Regional Airport Expansion**

June 15, 2015

What are the improvements proposed for the Alberni Valley Regional Airport?

The following major improvements are proposed for the Alberni Valley Regional Airport:

- establish a GPS approach
- expand the runway – widen from 75' – 100' and lengthen it from 3,952' to 5,000'
- Provide a medium intensity lighting system.

What is the cost of each improvement?

The **GPS approach** includes extensive vegetation removal, final surveys, design and registration it is estimated to cost \$350,000. The work is currently underway as the funds have been previously budgeted.

Construction of the **runway expansion** is estimated to be \$5.9 million. Reasons for this expense include:

- 20,870 dump truck loads of soil to be removed
- 4,100 tonnes of asphalt to be installed
- 29 acres to be cleared and grubbed
- 14 acres to be finished graded and drained
- All works to meet stringent industry standards, this requires qualified engineering supervision, inspection and testing

Installation of **medium intensity lighting** is estimated to be \$1.5 million

What work / studies have been completed to date?

Projects of this nature are complex and require many steps in the planning and approval stages. Some of the steps completed to date include:

- Geotechnical analysis of the current runway and surrounding land to confirm capacity to bear the weight of anticipated aircraft.
- Pre-design study to consider the options and cost estimates.
- Business case to determine the feasibility and benefits
- Detailed site survey including Obstacle Limitations for GPS approach
- Construction drawings, sections and specifications for the tender process for the runway expansion and proposed lighting
- Class A estimate (most accurate) of probable costs for runway and lighting
- Consultation with airport users
- Meetings with senior staff and politicians from the federal and provincial governments
- Three funding applications – Build Canada Fund, the Strategic Gas Tax Fund & BC Air Access Program.

- Two bylaws drafted and provided three readings – one to amend the service to increase the spending limit to pay for higher operating costs and service any debt from the ACRD’s portion of the capital costs; the other bylaw for the borrowing itself.
- Inspector of Municipalities approval of both bylaws
- Riparian and bird survey for land clearing
- Cutting permits for crown lands
- Review with Forest Lands and Natural Resource staff regarding off site works and occupancy
- Discussion with effected license holders on crown land
- Initial communications with Tseshaht and Hupacasath First Nations
- Discussions with the Alberni valley Drag Race Association and Agricultural Land Commission

What has to be done next?

- Confirm details of the Alternate Approval Process (AAP) and Board ratification of the timeline
- Complete AAP - provide 32 days to receive petitions and confirm if the bylaws may proceed, receive results of the petition and decide whether to adopt bylaws, or consult with public in the form of a referendum.
- Public information meetings and response to inquiries for the AAP
- Confirm Agricultural Land Commission conditions for works
- Confirm status of grant funding applications
- Decide timing and extent of project based on funding sources, amend plan if required based on available funds and anticipated costs
- Conduct tender for the works, receive tender and based on costs decide whether to proceed
- Award contract and confirm final schedule for works

What is the cost of borrowing?

The total amount to be borrowed is not known at this time. It will depend on the results of grant applications and the tendering process for construction. The \$6 million is a “pre approval” and would be the maximum possible. It is the Board’s strategy to maximize contributions for the project from senior governments. The ACRD borrows from the Municipal Finance Authority, receiving very favourable rates. The following outlines the impact of various borrowing scenarios:

Based on an interest rate of 3.5% (Municipal Finance Authority)	Annual Debt payment	Cost Per \$1000 on a residential property	On a \$200,000 residential property
Borrow 2.5 million over 30 years <i>(33.3% share of expansion costs)</i>	\$135,928	\$0.04	\$7.00
Borrow 3.75 million over 30 years <i>(50% share of expansion costs)</i>	\$203,892	\$0.05	\$10.40
Borrow 6 million over 30 years <i>(100% share of expansion costs, less lighting)</i>	\$326,228	\$0.08	\$16.80

What is the cost of borrowing cont'd.....

Scenario One ACRD borrows \$2.5 million

Assuming an one-third (33.3%) contribution from the ACRD, with the expansion project and navigational aids estimated to be \$7.5 million, the ACRD would be required to borrow \$2.5 million for the project. If the ACRD borrows **2.5 million** the annual debt payment would be **\$135,928** and the residential property owners would be charged approximately **\$.04 per thousand dollars of assessed value**. A residential property valued at \$200,000 (based on current values in the service area) would see an approximate increase of **\$7.00 per year**.

Scenario Two ACRD borrows \$3.75 million

The Build Canada fund requires a fifty percent (50%) contribution from the ACRD, and the expansion project and navigational aids are estimated to be \$7.5 million, the ACRD would be required to borrow \$2.5 million for the project. If the ACRD borrows **3.75 million** the annual debt payment would be **\$203,892** and the residential property owners would be charged approximately **\$.05 per thousand dollars of assessed value**. A residential property valued at \$200,000 (based on current values in the service area) would see an approximate increase of **\$10.40 per year**.

Scenario three ACRD borrows \$6 million

The ACRD could proceed with the runway expansion for 6.0 million dollars and look for other sources or grants to purchase the navigational aids. If the ACRD borrows **6.0 million** the annual debt payment would be **\$326,228** and the residential property owners would be charged approximately **\$.08 per thousand dollars of assessed value**. A residential property valued at \$200,000 (based on current values in the service area) would see an approximate increase of **\$16.80 per year**.

What is the future of the drag race event?

The runway expansion would require additional works to accommodate the drag race. There are opportunities for a better facility but with increasing airport use; the airport closures required to accommodate drag racing will become a challenge. Discussions with the Directors of the Regional Board and Drag Race Association are ongoing to find a solution to enable the event to continue and grow in the region.

What is the proposed GPS and what is the status of this project?

Airports manage the airspace surrounding the airports to limit obtrusions into a prescribed flying space. This applies both off the ends and sides of the runway. The lay of the land is surveyed, Obstacles identified and removed, flight paths designed and then this information is registered with Nav Canada. Once registered it is available to pilots and can help to make the airport more accessible during inclement weather.

Undertaking the GPS work improves airport access and safety making the airport more conducive to use by scheduled service, the aerospace industry and other users.

Does the expansion guarantee scheduled service?

No, this will be an investment decision of the various carriers, however the better the facility the more likely for scheduled service to be established. Scheduled service will not occur with the current configuration or lack of GPS Approach.

How does the project support services at the Long Beach Airport (CYAZ)?

The Long Beach Airport is also operated by the Regional District it has scheduled service and a wide array of charter and private use. The three runways of the Long Beach Airport are 100' X 5,000' – the runway at the AVRA will also be 100' X 5,000'. Scheduled service to Long Beach relies upon the AVRA when weather conditions do not allow for landing at CYAZ. The carriers and charters use the AVRA to land and bus their passengers to the westcoast. As carriers increase the size of aircraft and require a longer runway the AVRA as it stands at 3,952' will no longer be a viable option, without this expansion.

What is an Alternate Approval Process?

An Alternate Approval Process (AAP) is a method for receiving electoral approval for borrowing and major changes to the spending limits of the regional districts services. The process is a valid method to gain elector approval, prescribed by legislation. A petition format has been adopted by the Board of Directors of the regional district which must be used to submit a qualifying petition.

Who gets to participate in the AAP?

Electors of the service area (the Alberni Valley) including the City of Port Alberni, Sproat Lake, Beaufort, Beaver Creek, Cherry Creek. To qualify for signing a petition is the same as to qualify to vote in a local election – both resident electors and non resident property electors may qualify.

How many petitions are required to defeat the project?

If 10% of the qualified electors complete a petition opposing the project and submit it to the regional district by the deadline then the Board cannot proceed with the bylaws unless they conduct a successful referendum. Ten percent of the Alberni Valley service area is 2,050 electors.

What happens with the petitions once submitted?

Wendy Thomson, Manager of Administrative Service will maintain confidentiality of all signed petitions, review them to confirm qualification and provide a report summarizing the number of petitions received for the Regional Board.

What is the regional district record of managing projects of this nature?

The Long Beach Airport demonstrates the ability of the ACRD to secure grant funding for capital projects, deliver projects on time and on budget. The regional district completed a runway resurfacing at the airport in 2013; the \$3.9 million project was paid 100% by federal funds.

What are the economic benefits to the community?

The Business case prepared by Operations Economics Inc. shows the AVRA runway expansion construction will create 34 Full Time Equivalent positions (FTE's) with \$1.99 million in wages; \$2.6 million in GDP and \$3.1 million in economic output. New aerospace activity (conversion of military C130 aircraft into water tankers by Coulson Aviation) would create additional annual activity of 15 FTE's; \$1.0 million in wages; \$1.4 million in GDP and \$4.3 million in total economic activity. If regularly scheduled service from Vancouver were to be established this would create 5 FTE's; \$193,000 in wages; \$276,000 in GDP and \$480,000 in economic output.

If approval is given to higher spending limits will the board automatically increase taxation?

No, the Board has a reputation of limiting its spending and adopting budgets which are prudent and well below spending limits established for its services. As an example, despite setting a taxation limit of \$30,000 the Sproat Lake Marine Patrol will operate in 2015 without any taxation.

Once the bylaw is adopted the board will the Board borrow 6 million automatically?

No, the board will pursue senior government funding and has made three applications to date. The board will continue to pursue grant funding, will scrutinize every aspect of the project to ensure that the facility is sound but costs are within reason. Borrowing the full amount is a last resort and will follow many open meetings to discuss the options.