



# ANNUAL REPORT

2019

**YYC** CALGARY  
AIRPORT  
AUTHORITY





## MESSAGE FROM THE PRESIDENT & CEO AND BOARD OF DIRECTORS CHAIR



**WE ARE GUIDED BY OUR  
NORTH STAR STRATEGY,  
WHICH DEFINES OUR  
WORK TO ENHANCE THE  
GUEST EXPERIENCE.**

Our team at The Calgary Airport Authority takes great pride in our role moving people and cargo to and from Calgary to points all over the world. We do it safely and securely with our partners' interests at heart.

We are guided by our North Star strategy, which defines our work to enhance the guest experience. With the support of our Board, we have developed five strategic planks in our strategy that speak to our values and help set clear goals and targets to 2025 and beyond. Our Board brings valuable diversity and experience in the areas of aviation, air transportation, law, finance, engineering and business, and provides strong governance and oversight to elevate the work being accomplished.

This strategy has played a role in helping us reach record-breaking growth as we welcomed approximately 18 million passengers in 2019, a 3.5 percent year-over-year increase. We moved people for a lifetime vacation, weekend getaways, business trips and to reunite at home with friends and family. We saw 269 flights landing at and departing from the airport each day. Our performance has been all the more notable during a time of challenging market conditions for the city and province. Add to that the significant changes of the airline landscape, such as the grounding of the Boeing 737 MAX—an aircraft heavily represented on Calgary's runways.

We continue to focus on sustaining our core business—reuniting people and moving essential goods, under extraordinary circumstances resulting from the global COVID-19 pandemic.

Thank you.

Bob Sartor,  
President and CEO

Michael F. Casey, Q.C.  
Board of Directors Chair



# OUR NORTH STAR

## NORTH STAR:

WE CREATE EFFORTLESS AND MEMORABLE AIRPORT EXPERIENCES THAT SHOWCASE CALGARY'S LEGENDARY HOSPITALITY AND OUR REGION'S NATURAL BEAUTY.

## STRATEGIC PLANKS:

THESE PRIORITIES GUIDE THE AIRPORT AUTHORITY IN EVERYTHING WE DO.



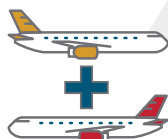
### Develop Our People

- ▲ Cultivate employee engagement and culture.
- ▲ Create a learning organization with the right skills and capabilities.
- ▲ Build our talent pipeline.
- ▲ Enable the future of work.



### Deliver a Remarkable Guest Experience

- ▲ Put the guest at the heart of every decision.
- ▲ Create a seamless guest experience.
- ▲ Seek to create new guest experiences.



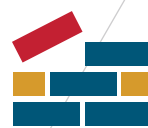
### Drive Value to Airline Partners

- ▲ Make it easy for airlines to operate here.
- ▲ Improve financial flexibility, strength and competitiveness.
- ▲ Drive exceptional airline client relationships.



### Diversify and Grow Our Revenue Streams

- ▲ Maximize existing revenue streams.
- ▲ Seek new revenue opportunities.
- ▲ Enhance connecting passenger opportunities.



### Build On a Strong Foundation

- ▲ Prioritize safety, security, and environment.
- ▲ Enhance data analytics capability.
- ▲ Prioritize technology to drive efficiency.
- ▲ Leverage enterprise metrics to track progress.

## OUR MANDATE:

IS TO RUN SAFE, SECURE AND EFFICIENT AIRPORTS AND PROMOTE ECONOMIC AND COMMUNITY DEVELOPMENT.

# IMPROVING HOW WE OPERATE

## Airport Trail Interchanges Project

As the hub for travel and goods movement in Calgary, providing the best and easiest access routes to the airport is vital to our guests and partners. The Airport Trail Interchanges project is adding new roads northwest of the airport to improve access to the site, which will eventually result in a continuous roadway connection between Stoney Trail and Deerfoot Trail. The project, led by the City of Calgary and supported by both the Government of Canada and the Government of Alberta, is expected to be completed by 2022.



## Centralized De-Icing Apron

We are always looking for ways to make the airport's operations run more efficiently. Working with our airline partners in 2019, we centralized the de-icing of airplanes (versus doing it at the gates) to make winter weather operations more efficient while improving sustainability. A centralized de-icing apron also enables us to recover and recycle more of the glycol fluid used in de-icing, reducing our impact on the environment.



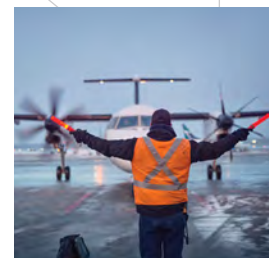
## Baggage System Completion

Our new baggage system—the first of its kind in North America—is considered one of the most technically advanced in the world and is deemed 75 per cent more effective than the previous conveyor system we used. Boasting real-time tracking capability, we know where every bag is at any given moment. Another benefit? The system allows for bags from participating airlines coming from approved international airports to be connected directly to a domestic departure saving time and eliminating additional baggage handling.



## NAV CANADA Technology + Parallel Landings

Working closely with NAV CANADA and partner airlines, we've implemented a new international standard that will improve traffic flow and enable increased usage of Required Navigation Performance (RNP). In fact, we are the first airport in the world to do so, setting a new international standard, allowing parallel landings on our runways. With RNP, we have developed procedures that will reduce the distance most aircrafts have to fly, resulting in reduced flying times, airport noise, fuel costs, and greenhouse gas emissions.



# ENHANCING OUR GUEST EXPERIENCE

## Primary Inspection Kiosk Launch

Working with Canada Border Services Agency (CBSA) we modernized our border-related services for guests arriving in Calgary from international and U.S. locations by adding new Primary Inspection Kiosk (PIK) units and an easy-to-use app. Now, arriving travellers can verify their identity and make an on-screen declaration using these PIK units, resulting in a more streamlined entry process.



## Concourse B Security Screening Opened

One of the ways we look to enhance our guest experience is by reducing wait times. Working with the Canadian Air Transport Security Authority (CATSA), we opened a third security screening point at Concourse B in 2019 during peak times to reduce wait times for passengers flying domestically.



## Enhanced Eat and Shop Options

The guest experience goes beyond improving departure and arrival services—it's also ensuring they enjoy each and every moment within the airport. That's why we elevated our eating and shopping options in 2019. This multi-year process included rolling out new dining and retail concepts from local and globally recognized brands.



## YYC Music Program

An internationally recognized and award-winning program, which connects our guests with music performed by some of the top solo musicians in Calgary. These musicians delight travellers in our terminals to create a welcoming environment that showcases our city's musical talent.





# AUTHORITY PERFORMANCE

## Performance Summary

	Forecast	Actual	Five-Year Outlook				
	2019	2019	2020	2021	2022	2023	2024
Total Revenue	439	432	446	469	487	509	531
Operating Expenses	174	179	185	189	195	200	205
Transport Canada Rent	45	44	46	48	50	53	56
Capital Expenditures	87	75	73	75	91	99	119

\*Millions of dollars

For past annual and financial reports go to [annualreport.yyc.com](https://annualreport.yyc.com)

## Total Revenue

Airport revenue in 2019 was below past outlook by \$7 million primarily due to lower than anticipated growth in local (non-connecting) passenger activity which led to lower revenue from Airport Improvement Fees. In addition, lower than expected parking transactions per passenger led to lower than anticipated revenue from public parking. Performance in these areas was partially offset by higher than expected Non-Aeronautical Revenue from Concessions.

## Operating Expenses

Direct Operating Costs exceeded past outlook by \$5 million due primarily to several business optimization and corrective maintenance initiatives which began mid-year in 2019, resulting in increased spending on professional services, severance and maintenance services. In addition, 2019 unit costs for electricity exceeded expectations due to higher transmission & distribution charges. Performance in these areas was partially offset by lower than anticipated Property Tax payments to the City of Calgary due to the Phased Tax Program (PTP) which council approved in mid-2019.

## Transport Canada Rent

Federal Rent incurred in 2019 was \$1 million lower than past outlook due to lower than anticipated Total Revenue (as discussed above). Transport Canada Rent is incurred as a percentage of revenue.

## Capital Expenditures

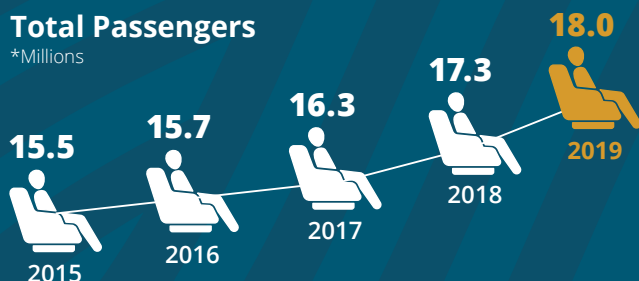
Capital spending was \$8 million lower than past outlook due primarily to 2019 scope on three projects (Baggage Replacement, WestJet Domestic Check-in, and Elevator & Escalator Restoration) being deferred to 2020.

## Impact of COVID-19 on Long Term Outlook

Current Five-Year Outlook is presented as at Dec. 31, 2019 and does not represent the current outlook of The Calgary Airport Authority given the subsequent unprecedented events of the COVID-19 pandemic and its impact on travel and aviation worldwide.

## Total Passengers

\*Millions



## Cargo Landings



# 88 NON-STOP DESTINATIONS

# \$8B

IS GENERATED  
BY YYC TOWARD  
THE CITY AND  
REGIONS' GDP



# LARGE

TAXPAYER TO  
THE CITY OF  
CALGARY



# 50K

JOBS IN THE  
CALGARY REGION  
ARE TIED  
TO YYC



# 24K+

PEOPLE ARE  
EMPLOYED ON  
YYC CAMPUS



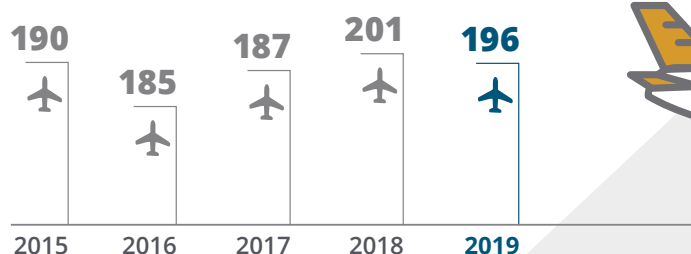
# 269 FLIGHTS DEPARTED EVERYDAY



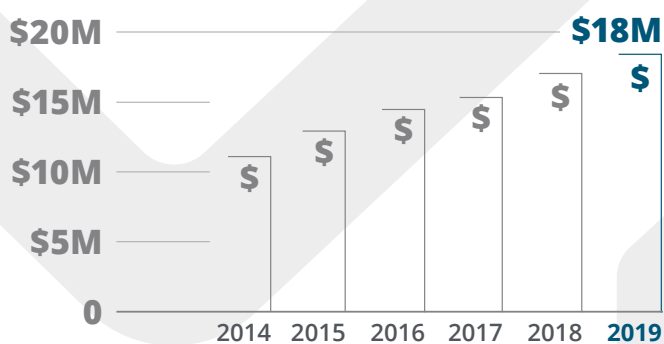
# AUTHORITY PERFORMANCE

## Total Air Carrier Movements

\*Thousands

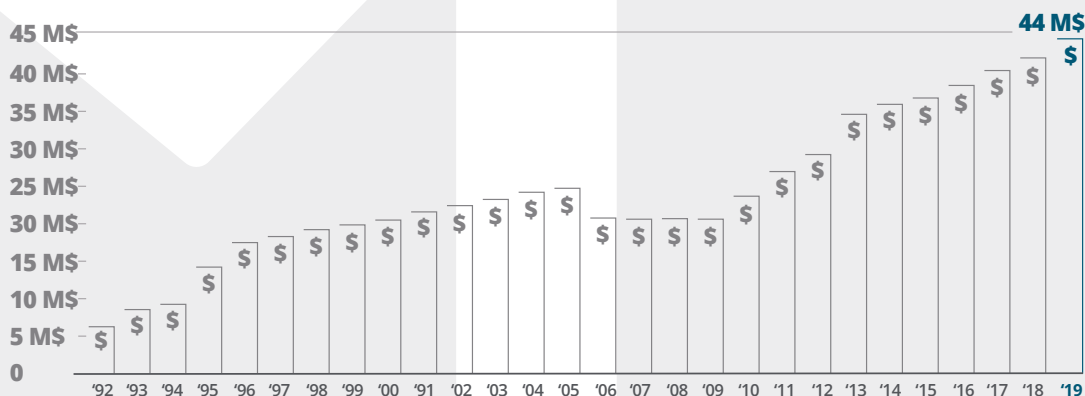


## Property Taxes



**YYC HAS PAID OVER  
\$90 MILLION IN  
PROPERTY TAXES TO  
THE CITY OF CALGARY  
SINCE 2014.**

## Federal Rent

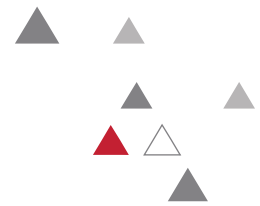


**YYC HAS PAID \$687 MILLION IN FEDERAL RENT SINCE 1992.**



**IN 2019, THE CALGARY AIRPORT  
AUTHORITY WAS NAMED A TOP  
EMPLOYER FOR THE 10<sup>TH</sup> TIME!**

# CORPORATE GOVERNANCE



## Board Governance and Accountability

The Board of Directors of The Authority is committed to maintaining the highest standards of corporate governance, and regularly reviews and updates its corporate governance systems in light of changing practices, expectations and legal requirements, so that the Authority achieves the purposes in the Regional Airports Authorities Act (Alberta).

Responsible for fostering the long-term success of the Authority, the Board undertakes a number of governance activities to ensure compliance with applicable laws and for promoting ethical conduct, integrity and transparency.

The Board has adopted an annual strategic planning process that considers the long-term enhancements of the terminal and the overall airport experience, ensuring that people development, innovation and strategic partnerships are the core values of the airport's success.

The Board also oversees management, who are responsible for the day-to-day conduct of the business, with the fundamental objective of ensuring that the Authority meets its obligations and operates in a safe, secure and efficient manner. Directors regularly meet in camera at both Committee and Board meetings.

The Board is composed exclusively of independent directors who are expected to carry out their duties honestly and with integrity.

Each Director annually signs the Authority's Code of Business Conduct and Conflict of Interest Policy and follows the procedures with respect to disclosure of any potential conflict of interest.

## Corporate Governance Practices

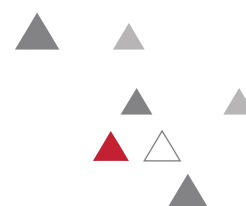
The Authority has a number of systems in place to identify, manage and mitigate various risks, including:

- An organizational structure with dedicated safety, security, and emergency planning and response personnel
- Corporate policies and plans covering key governance, strategic, operational and financial issues
- Environmental protection, including air and water quality, solid waste and hazardous materials management, natural resources, endangered species and a comprehensive noise management program
- Incident reporting, including response and remedial procedures
- Robust Safety Management System policies, processes and procedures
- Comprehensive insurance, audit and compliance programs
- A communications and stakeholder relations program
- A comprehensive management information and reporting system, which includes regular reporting to the Board on key financial and operational results
- A Delegation of Authority Policy and an Authorities Framework Matrix which defines management authorities

## Enterprise Risk Management

The Board and Management of the Authority are committed to a disciplined approach to enterprise risk management. The Authority regularly assesses enterprise risk management capacity and processes, which includes reference to risk appetite and tolerance statements, an enterprise risk matrix and identification of its principal risk profile.

# CORPORATE GOVERNANCE



## Board Composition

The composition of our Board reflects the diversity of the communities we serve, through the experience, skills and gender of our Directors. Our Board consists of significant leaders in finance, business, commerce, law, government, engineering, air transportation and aviation from both local and global for-profit and non-profit businesses and have the business acumen and experience to provide governance over the affairs of the Authority.

### The Directors are appointed by four organizations:

- Long-Range Planning Committee of the Calgary Chamber of Commerce (10)
- City of Calgary (three)
- Federal Government (two)
- Rocky View County (one)

Our Directors are appointed to a four-year term and are eligible for re-appointment for one additional term for a maximum of eight years.

## Board of Directors (As of Dec. 31, 2019)

**Michael F. Casey**, Q.C. Board Chair

**David C. Blom**, CA, TEP

**Randolph Charron**<sup>1</sup>

**Donald G. Cormack**, CPA, ICD.D

**Wendelin A. Fraser**

**Andrea Goertz**<sup>2</sup>

**Matthew R. Heffernan**<sup>3</sup>

**J. Richard Hotchkiss**

**Heather E. Kennedy**<sup>3</sup>, P.Eng, F.C.A.E.

**Kenneth M. King**

**Grant B. MacEachern**

**James M. Midwinter**<sup>3</sup>

**Lisa Oldridge**<sup>4</sup>, CFA, ICD.D

**Andrea J. Robertson**

**Phillip Scheibel**<sup>2</sup>

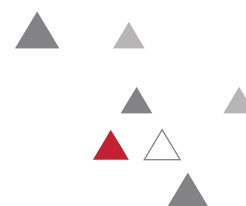
**Murray Sigler**

The Authority mourns the passing of Kenneth M. King on March 12, 2020. Mr. King was a city builder, leader and important member of the Authority's Board since 2013. Our deepest condolences to Mr. King's family and friends.

- 
1. Appointed Oct. 22, 2019
  2. Appointed May 13, 2019
  3. Term ended Aug. 2019; re-appointed Aug. 2019
  4. Appointed Oct. 28, 2019



# CORPORATE GOVERNANCE



## Composition of Management

The Board appoints the President and Chief Executive Officer (CEO) and sets and reviews the annual goals for the CEO. Succession planning, including the appointment, training and evaluation of senior management, is regularly monitored by the Governance and Compensation Committee of the Board. The Board appoints the Corporate Officers.

### Corporate Officers (As of Dec. 31, 2019)

**Bob Sartor**

President & Chief Executive Officer

**Carmelle Hunka**

General Counsel, Vice President, Risk & Compliance  
& Corporate Secretary

**Mike Maxwell**

Vice President, Infrastructure & Chief Information Officer

**Chris Miles**

Vice President, Operations

**Robert J. Palmer**

Vice President, Finance, Strategy & Chief Financial Officer  
& Chief Commercial Officer

**Cynthia M. Tremblay**

Vice President, People & Engagement

## Board Skills and Experience Matrix

The Board strives to ensure it collectively has the skills and experience needed to maintain the health of the organization and to guide its long-term success. Our Board Skills and Experience Matrix allows us to identify the needs for both mandated and strategic skills, and to assist our Appointers in making their appointments.

Our Board consists of significant leaders in air transportation, aviation, finance, business, commerce, law, government, and engineering, from both local and global for-profit and non-profit businesses and have the business acumen and experience to provide governance over the affairs of the Authority.

Each new Director receives a comprehensive orientation, which includes a meeting with the President and CEO, corporate counsel, as well as facility tours and information regarding Board and corporate operations, and ongoing education on relevant topics.

## Committees of the Board

The Board meets as often as is required to carry out its responsibilities in addition to maintaining six standing committees, which are ultimately accountable to the Board. The committees and their respective chairs as of Dec. 31, 2019 were:

**Committee**

Audit & Finance

Governance & Compensation

Nominating

Business Development

Operations, Safety, Health & Environment

Infrastructure & Technology

**Chair**

Don Cormack

Grant MacEachern

Richard Hotchkiss

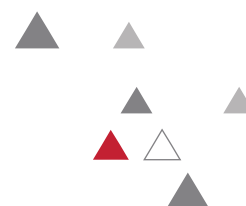
Matthew Heffernan

Murray Sigler

Heather Kennedy

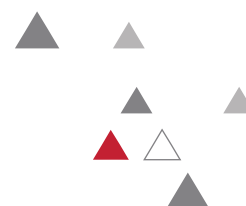
Each of the six committees has a Board-approved terms of reference, an annual due diligence work plan and a Chair who reports back to the Board on the committee's activities. The Board's Chair and Governance and Compensation Committee ensure the Board's independence is respected and preserved.

# CORPORATE GOVERNANCE



Committee	Purpose
Audit & Finance	Responsible for reviewing financial management policies and issues, including: annual budgets, banking arrangements, accounting systems and procedures, internal financial controls, fraud-risk programs (including the Whistleblower Program), airport fees, insurance policies, pension plan policies and performance, and corporate-level financial risks and issues. The committee's other responsibilities include: monitoring the external audit program, preparation of the annual financial statements, and recommending the annual appointment of the external auditor.
Governance & Compensation	Responsible for the monitoring of corporate governance issues and ensuring the most current applicable governance standards are recommended for Board approval, including the continuing assessment of the Authority's compensation policies and related practices, providing oversight and guidance with respect to the Authority's communication and public relations programs, government affairs programs, and succession planning, including the appointment, training and evaluation of senior management. This committee also reviews the remuneration of Directors periodically, taking into account time commitments, the scope of responsibilities and Directors' fees at comparable airports and/or other relevant businesses (See Note insert in the Annual Report Financials for Directors' remuneration).
Nominating	Reviews and maintains the Board Skills and Experience Matrix, which outlines the required skills and experience for Authority Board Director appointees. The Committee also establishes, pursuant to the Articles of Incorporation, a list of qualified nominees for submission to the Long Range Planning Committee of the Calgary Chamber of Commerce for their decision and appointment and makes recommendations in respect of appointments by other appointing bodies.
Business Development	Assists the Board in providing oversight in the review of corporate plans and strategies with respect to legislation regarding major commercial plans and activities including land development, air service development, retail, and other business development opportunities. In addition, the committee reviews and makes recommendations for prospective revenue contracts that require Board of Directors' approval.
Operations, Safety, Health & Environment (OSHE)	Provides oversight to the Board in respect of the safe, secure and efficient operations of the Authority, including monitoring the safety program, health and safety requirements, environment and sustainability initiatives, regulatory (including the Safety Management System), and security compliance and programs and periodic updates to the Authority's Master Plan for YYC Calgary International Airport or Springbank Airport.
Infrastructure & Technology	Responsible for reviewing the infrastructure and technology programs and issues, including cyber security review and governance, information technology and telecommunication plans, including digital strategies, and infrastructure investment plans, activities and audits, including major transportation and construction projects.

# CORPORATE GOVERNANCE

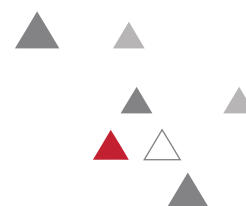


## Board and Committee Attendance 2019

	Board of Directors	Audit & Finance	Governance	Infrastructure & Technology	OSHE	Business Development	Nominating Committee	Attendance
Allen, Terry <sup>1</sup>	2/2	1/1	-		1/1		-	4/4
Benke, Larry <sup>2</sup>	3/6		3/4	2/3	-		-	8/13
Blom, David	7/7	4/4	-		-	5/5	-	16/16
Casey, Michael	7/7	4/4	5/5	4/4	4/4	5/5	5/5	34/34
Charron, Randolph <sup>3</sup>	1/1							1/1
Cormack, Donald	6/7	4/4	5/5	4/4	-	-		19/20
Delkus, Kristine <sup>1</sup>	2/2	-	2/2		1/1	-	-	5/5
Fraser, Wendelin	7/7	-	5/5		-	5/5	5/5	22/22
Goertz, Andrea <sup>4</sup>	5/5				1/1	2/2		8/8
Heffernan, Matthew	6/7	-	1/1	4/4		5/5	4/4	20/21
Hotchkiss, Richard	7/7	-	-		4/4	-	5/5	16/16
Kennedy, Heather	6/7	-	5/5	4/4		-	4/4	19/20
King, Kenneth	5/7	-	-		2/4	2/5	-	9/16
MacEachern, Grant	7/7	4/4	5/5		-	-	-	16/16
Midwinter, James	6/7	4/4	-		-	5/5	-	15/16
Oldridge, Lisa <sup>5</sup>	1/1							1/1
Robertson, Andrea	7/7	3/4	-		3/4		3/5	16/20
Safran, Laura <sup>6</sup>	3/6	-	-	3/3		3/3	-	9/12
Scheibel, Phillip <sup>4</sup>	5/5	1/1		1/1				7/7
Sigler, Murray	7/7	-		4/4	4/4	-	3/5	18/20

1. Left Board May 13, 2019
2. Left Board Oct. 22, 2019
3. Appointed Oct. 22, 2019
4. Appointed May 13, 2019
5. Appointed Oct. 28, 2019
6. Left Board Oct. 28, 2019

# CORPORATE GOVERNANCE



## Public and Stakeholder Accountability

The Authority strives to achieve an optimal level of public and stakeholder accountability through a communications and stakeholder relations program, which includes processes associated with communicating to the general public, industry stakeholders, governments, Appointers and Authority employees. The processes involved in achieving this level of accountability include:

- A public Annual General Meeting
- A published Annual Report, including audited financial statements
- An independent review of management operations and financial performance every five years, including a published report
- Annual meetings with all Appointers, which are attended by the Board of Directors, senior management and external auditors
- Compliance with the Canada Lease
- Regulatory compliance
- Meetings with key stakeholders
- Public notice of fee changes, including Airport Improvement Fee (AIF)
- A community consultative committee
- A noise management program
- An accessibility advisory council
- Meetings with airport operators and tenants
- Meetings with civic officials and community organizations

The Authority reports on contracts in excess of \$130,000 (adjusted periodically by Consumer Price Index (CPI) from an original threshold of \$75,000) that were not awarded through a public tender process. In 2019, the following contracts met this criteria:

Contract Value	Contractor	Description of Contract	Reason for Award Without Public Tender
\$130,000 to \$500,000	Silicon Power Corp.	Emergency repair of static transfer switch	Note 1
	Microsoft	Licensing of Microsoft software	Note 2
	Matrix Video Communications	Licensing of Omnivex software	Note 2
\$500,000 to \$1,000,000	The City of Calgary	Calgary 9-1-1 service for emergency dispatch	Note 3
\$1,000,000 to \$2,500,000	Enmax Power Services Corp.	Installation of static transfer switch	Note 3
Note 1	Emergency work to ensure safe, efficient operations		
Note 2	Only authorized software licensor		
Note 3	Only experienced service provider		



