

Rideau

Rideau Consultants Inc.



Fort McMurray Airport Authority

Five Year Performance Review

Final Report

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Ottawa, ON

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ACRONYMS USED IN THE REPORT

AA	Airport Authority
FMAA	Fort McMurray Airport Authority
TC	Transport Canada
YMM	Fort McMurray International Airport

ACKNOWLEDGMENTS

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The airport runway is the most important main street in any town.¹

Executive Summary

The Alberta Regional Airports Authorities Act (the Act) and the Alberta Regional Airports Authorities Regulation (the Regulation) require, at least once every five years, the Fort McMurray Airport Authority (FMAA) commission an independent Performance Review (the Review) to assess the extent to which the FMAA operates a safe and efficient service to the public, in accordance with its business plans. The Review concludes that the FMAA does operate a safe and secure airport, run in accordance with its business plans.

Background

In 2009, the Fort McMurray Airport followed suit with a number of Canadian airports by shifting their governance model from a publicly governed Airport Commission, to an independent Airport Authority. As a non-share capital corporation, the Airport Authority assumed all financial responsibility for modernizing and maintaining the airport facility to effectively manage passenger volumes and needs. The inaugural FMAA Board of Directors formed in January 2010 and assumed management of the Fort McMurray International Airport (YMM).

Key Findings

- We conclude that the FMAA is in compliance with the Act and the Corporate Objects expressed in the Articles.
- Over the five-year period of the Review (2014-2019) two major events² affected the FMAA adversely and dramatically, to which the FMAA responded with good governance and strong management. The FMAA effectively and efficiently ensured safety and security remained paramount in the airport's operations.
- The FMAA has demonstrated, during the period of review, its willingness to support the necessary enhanced safety and security requirements and responsibilities that come with local management.
- The FMAA 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.

¹ Norm Crabtree, Aviation Director (former), State of Ohio.

² The drop in oil prices in 2014, and the wildfire of 3 May 2016.

- The FMAA has consistently demonstrated an exemplary commitment to its management during the period of review of the airport environment, awareness and concern about its environmental responsibilities and openness in how it conducts its environmental program.
- On a day-to-day operation basis, the FMAA operates effectively and efficiently, covering operating expenses with operating revenue.
- The FMAA Board has developed and implemented governance policies and practices consistent with good governance best practices used by other Canadian Airport Authorities. The Board uses these policies and practices effectively when offering guidance to FMAA management.
- The FMAA has continued to demonstrate its commitment to consistent, high-quality, and thorough strategic business planning and has evolved a structure that is well understood and well documented in guiding the FMAA as an effective not-for-profit corporation, managed with due regard for its stakeholder communities.

Concerns

The FMAA has an exemplary track record in expenditure containment and infrastructure investment management. Notwithstanding this exemplary track record, concerns remain resulting from industry volatility, the drop in passenger volumes due to economic conditions, the aftermath of the Horse River wildfire and regulatory and policy changes.

Introduction

Although the Regional Municipality of Wood Buffalo (RMWB) and the urban service area of Fort McMurray have struggled economically over the past five years, the FMAA has implemented effective and efficient policies and procedures to offset these consequences.

During the review period in question a number of events and developments occurred:

- Maintained a safe and secure airport in substantial compliance with airport regulations and occupational health and safety standards;
- Continued development of the FMAA as a locally-governed, stand-alone organization managing the business affairs of an international and domestic gateway;
- Maintained effective and efficient operations in a new terminal building, more than 4 times the size of the old terminal building; and,
- Searched for and engaged a new senior management team, which has demonstrated its commitment to being responsive to the changes imposed by the economic situation and the wildfire.

Purpose of the Review

The high-level Review expresses a view on the management, operation and financial performance of the FMAA for the five years commencing January 1, 2014. The Review examined the extent to which the FMAA operates:

- A safe and efficient service to the public; and
- An efficiently run airport in accordance with its business plans.

Scope

The Review was conducted over a period of nine weeks from May 13, 2019 to July 27, 2019 and examined the extent to which the FMAA's financial and management controls, information systems and management practices were maintained in a manner that provided reasonable assurance that:

- The assets of the corporation were safeguarded and controlled; and
- The financial, human and physical resources of the corporation were managed economically and efficiently, and its operations were carried out effectively.

The Review was not:

- A detailed operational analysis;
- An audit or a repetition of the annual financial audit conducted by the FMAA's external auditors;
- Intended to provide managerial or operational advice to the FMAA; nor

- Intended to replace or supplement the audit and inspection functions of Transport Canada or any other government department or any legislation.

Working Assumptions

Some of the documents we reviewed were audited and/or were produced by independent third parties. Our mandate did not include verifying such information or conducting any other review or evaluation procedures; hence these steps were not taken. The FMAA facilitated interviews with external parties and permitted us to contact key stakeholders. We were neither restricted nor limited in our engagements with stakeholders, other than by standard time and budget considerations.

Methodology

After discussions with FMAA senior management and upon review of the extent of the engagement, we agreed to address the objectives of the Review by:

- Relying upon available materials and published reports;
- Conducting interviews with FMAA executives, board members, employees and selected stakeholders (aircraft operators, concessionaires and tenants) to corroborate initial findings and conclusions); and
- Incorporating input and feedback received by the FMAA from Appointers to the Board of Directors.

The Review should be considered as a high-level “desk review”, which aimed to avoid initiation of exhaustive new or independent research. The materials identified as source materials upon which we conducted the review are listed in Annex A.

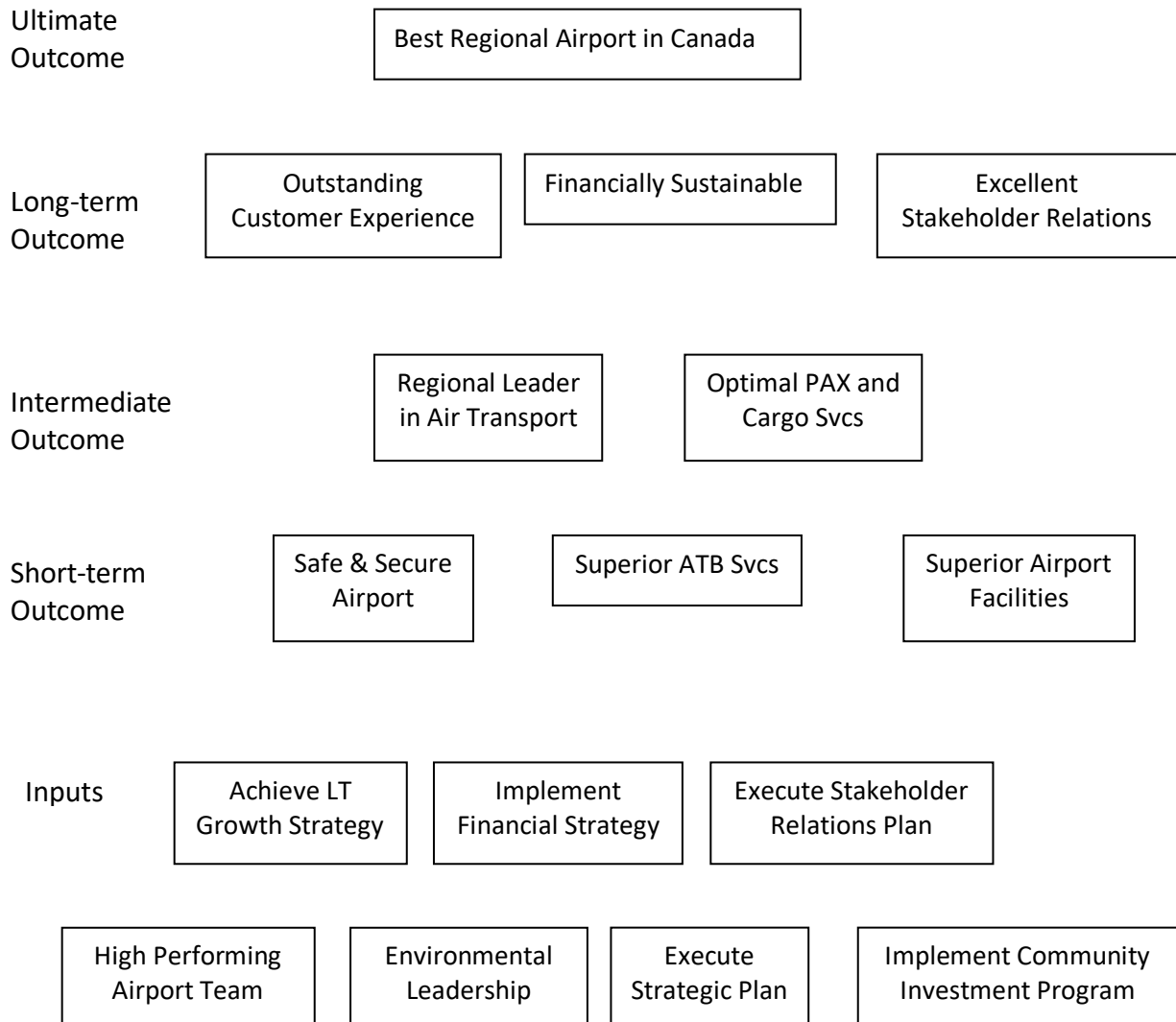
The Review relied heavily upon the documents provided to us by management, who cooperated fully in providing additional materials and information in response to our requests. We were thus able to conduct numerous direct enquiries of management concerning the financial status, operating environment, contractual processes and other pertinent issues.

We considered data gleaned from management responses to our questions, in the form of detailed explanations, listings, schedules and other additional documentation. We applied analytical procedures such as comparing current and prior information and considered the rationality of financial decisions and other inter-relationships. We discussed the information with both management and Board members of the FMAA and determined the overall plausibility of such information when taken as a whole.

An Authority Logic Model

One tool that assists in the evaluation of a program is an Authority Logic Model (the Logic Model) which describes the results expected from a program of action or an intervention. Results chains embedded in the Logic Model are key building blocks for developing the results intended

by a program (i.e., the boxes in a typical visual logic model). The Logic Model given below is in alignment with the expectations described in the Act and the Regulation.



Based on the Logic Model and the enabling legislation and regulations, we developed an Evaluation Question Framework that listed major questions to be answered during the evaluation. The overarching question asked by the evaluation was, “is the airport operated in a safe and secure manner?” This evaluation question then formed the basis for specific interview questions that were used as data sources and lines of evidence. These evaluation questions were each mapped to the Logic Model.

Vision, Mission, Corporate Values and Key Success Drivers

Mission

We are responsible stewards of our airport, achieving superior performance in the conduct of safe, secure, effective and efficient operations. Our airport businesses contribute significantly to the economy of the region, Alberta and Canada.

Vision

We are Canada's premier regional airport.

Corporate Values

- Excellence in safety, security and environmental performance
- Commercially focused, fiscally responsible and sustainable
- Exemplary customer service
- Progressive leadership
- Extraordinary teamwork

Key Strategic Drivers

- **Customer Experience**
To be the top ranked regional airport with a reputation among airlines as the easiest airport to work with and the quickest passenger processing, scoring in excess of 95% in Airport Service Quality (ASQ) satisfaction by the end of 2022.
- **Land Development**
Fill 22 acres of serviced land with a fully functioning hotel, gas station, car rental quick-turn-around facility and other light industrial. Peruse caveat removal from the Crown land. Provide services to another 37 acres for planned shopping mall – by December 31, 2022.
- **People**
Deliver industry leading training and development, providing succession opportunities. Capture and address employee feedback. Lead business unit goal development and articulate the results using KPIs. Achieve an eNPS > 7 for all employees and be the most engaged regional Airport team.
- **Air Service Development**
Add one direct international destination and one additional Canadian destination. Add 10% additional frequency to the existing flight schedule. Actively engage industry to build a value proposition that has 50% of future direct flights routed through YMM. Secure 50% of all chartered enplaned passengers, seamless to the industry workforce.
- **Financials**
Operate business in a financially prudent manner to reduce draw on cash reserves, with a focus on growing top-line revenue in order to replenish funds for future capital investments.

- **Operations & Processes**
Track key performance data and measure against industry leading standards. Use performance to standards to drive process changes from front-line employees to close gaps.
- **Community**
Be viewed as a good neighbour. Proactively engage stakeholders to enhance benefits, manage concerns and be a facilitator of regional economic growth by December 31, 2022.

Fort McMurray – Location and Benefits

Background

An aerodrome has existed at Fort McMurray since 1936. In 1942, the American Army Corps of Engineers converted the grass landing strip to an all-weather gravel strip. In 1945, the Department of Transport assumed control of the aerodrome. In 1999, Transport Canada transferred control of the airport to the local municipality, creating the Fort McMurray Airport Commission. Control of the Fort McMurray Airport was then later transferred to the Fort McMurray Airport Authority (FMAA) on January 1, 2010.

Location

Located in northeastern Alberta, an aerodrome has operated on the site since 1936, with the FMAA assuming operational responsibility on 1 January 2010.

In 2018, *Money Sense*³ ranked Wood Buffalo as the 54th best place to live in Canada (out of 415 cities), with an annual discretionary income of \$118,753, and an average household income of \$221,681. The magazine ranked communities relating to 14 measurable factors including weather, real estate values, income levels, unemployment rates, discretionary income, murder rates and signs of prosperity such as the percentage of late-model vehicles.

The 2018, the RMWB Census⁴ reported an overall population of 111,687, which is a decrease of 10.67% over the 2015 population of 125,032, and another indicator of the economic downturn affecting the region. The total permanent population is reported as being 75,000, with a total shadow population (workers who stay in camp and commute by flying-in and flying-out) of 36,678.

In 2016, the region had an unemployment rate of 5.7%⁵.

Transportation Benefits

The FMAA provides a variety of public benefits, not only to the urban service area of Fort McMurray, but also to the entire Wood Buffalo catchment area. The most substantial benefits are the safety, time and cost-savings associated with air transportation compared to other modes of transportation.

An overview of some of the benefits provided by the FMAA include:

³ <https://www.moneysense.ca/canadas-best-places-to-live-2018-full-ranking/>. Accessed 27 July 2019.

⁴ <https://www.rmwb.ca/Municipal-Government/Census.htm>. Accessed 27 July 2019.

⁵ Statistics Canada, <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CSD&Code1=4816037&Geo2=PR&Code2=48&Data=Count&SearchText=Wood%20Buffalo&SearchType=Begin&SearchPR=01&TABID=1&B1=All>. Accessed 27 July 2019.

- High levels of safety – the FMAA has met national standards;
- Comfort and convenience – the FMAA has a modern, new, user-friendly facility and services;
- Access to national and international destinations – the FMAA has provided a facility which extends the economic reach of the Fort McMurray area and allows both business and leisure travellers easy access to domestic and international air travel; and,
- Enhanced community well-being and infrastructure – the FMAA has invested in maintaining and enhancing the aerodrome.

The RMWB has directly benefited from the presence of a well-run and well-managed transportation asset such as the YMM aerodrome.

The FMAA has a significant competitive advantage in logistics through both the combination of location and ability to efficiently and effectively utilize airside capacity to leverage passenger growth in the longer-term. Having said that, capitalizing on these advantages will require continued strengthening of the local, national and global resource-based economies.

The Airport

YMM is a Class VII Regional Airport. The airport offers scheduled and charter air services, with connections to domestic and international routes. It has one runway: 07-25 at 7,500 feet. Runway 25 has a Cat 1 Instrument Landing System and high intensity approach lighting.

Charter operators, helicopter operators, helicopter and flight training, government aircraft services, corporate aircraft, general aviation, courier services, cargo services and air ambulance services all occur at the airport.

The FMAA is the third-busiest airport in Alberta in terms of passenger levels. In 2018, 639,923 passengers arrived or departed from YMM (a decrease of 51% over 2014). From 2014 to 2018, the number of aircraft movements decreased from 65,221 to 48,187, and the number of passengers per aircraft movement decreased from 16.9 to 13.3.

Safe and Secure Air Transport

Compliance with the Act

The Act under which the FMAA operates requires it “to manage and operate the airports for which it is responsible in a safe, secure and efficient manner”⁶ and “to advance the economic and community development by means that include promoting and encouraging improved airline and transportation service and an expanded aviation industry.”⁷

⁶ *Regional Airports Authorities Act*, s. 21(a)

⁷ *Ibid.* s. 21(b)

We believe that the FMAA has over the period of 1 January 2014 to 30 June 2019, met these objectives, while receiving substantial support from local stakeholders in a manner that is consistent with the original intention of the transfer of responsibility to a Regional Airport Authority.

FMAA's Infrastructure Maintenance Program demonstrates committed to continued high-quality passenger service in a safe and secure environment for the RMWB and its surroundings.

During the period under review, the FMAA has continued with a clear vision for ensuring successful operations. From the beginning of its management mandate, the FMAA has laid a solid foundation and continues to pursue longer-term strategic objectives. It has responded to external events and has developed an approach to service delivery consistent with the needs of its surrounding communities.

The FMAA during the period under review has:

- Operated safely and securely
- Contributed to the regional economy
- Enhanced customer service
- Developed/maintained air services
- Maintained its financial viability
- Contributed to being a part of the community
- Maintained an environmentally aware position

This Review concludes that the FMAA has managed and operated the airport safely, efficiently and for the general benefit of the public. Over the review period the FMAA:

- Maintained continuous certification as an airport under the Federal Aeronautics Act, thereby satisfying international and federal regulatory requirements to ensure the safety and security of the travelling public;
- Responded appropriately to the oil industry economic downturn associated with the loss of passenger traffic (and revenues);
- Responded appropriately to the May 3, 2016 wildfire, which resulted in major infrastructure losses on airport property;
- Improved business practices, processes and outcomes to respond adequately and appropriately to the economic environment;
- Managed its human resources in an appropriate manner so as to respond effectively to the downturn in business;

- Continued providing high-quality service, which has enhanced the attractiveness of the airport; and constantly monitored its primary users for feedback, to which it responded with concrete actions;
- Worked with its immediate communities to effectively manage major issues relating to operations; and,
- Worked to ensure its environmental footprint was minimized.

We believe that the FMAA, during the period of review, has held an excellent record in managing and operating the airport. We attribute this to the vision and direction provided by the leadership team of Board members and the new senior management team that presided over the FMAA since 2015. The FMAA uses a Policy and Practices Governance Model that it requires all Board members follow. This has been instrumental in creating an effective, action-oriented and results-oriented corporate culture.

Major Finding:

We conclude that the FMAA is in compliance with the Act and the Corporate Objects expressed in the Articles.

Safety/Security

The FMAA maintains the following operational plans reviewed on an annual basis:

- Winter Maintenance Plan;
- Glycol Management Plan;
- Environmental Management and Response Plan;
- Wildlife Management Plan;
- Emergency Response Plan;
- Safety Management Manual;
- Airport Security Plan (ASP); and,
- Airport Operations Manual.

Early in the review period Transport Canada found administrative failures in the airport records, documentation, and aeronautical products of the FMAA, however it did not impose any penalties or administrative measures on the FMAA, indicating that the airport is safe and secure. Since 2015, senior management has addressed these administrative failures in a positive and timely manner. YMM continues to meet the ongoing requirements of Aerodrome Certification Program pursuant to the Canadian Aviation Regulations⁸.

⁸ CARs 2012-1, Part III, Subpart 2, s.302

Operations - Safety and Security

Since September 11, 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, especially with the change of CATSA from a Crown corporation to a not-for-profit company. Even as the responsibility for airport security is shared between Transport Canada, CATSA, Canada Border Services Agency (CBSA) and the FMAA, the public will continue to hold the FMAA accountable for any failures in security. As Transport Canada continues to develop the rules with respect to security management systems and air cargo, there remain concerns about the levels of security that may be enforced in the future. The FMAA 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 have been updated to remain current with Transport Canada requirements and the FMAA's operational realities.

Transport Canada regulations require the performance of "full-scale" emergency exercises at least once every three years. The FMAA meets this requirement. The last "full-scale" emergency exercise was conducted on June 19, 2019 and included key airport stakeholders.

There is no Mutual Aid Agreement for fire-fighting services between the FMAA and the RMWB Fire Department.

The fire services have the capability to meet the CARs requirements at a Category 7. Firefighters do monthly inspections of all FMAA facilities.

Safety Management System

The FMAA has completed its Safety Management System (SMS) in accordance with Transport Canada's SMS Phased Implementation Schedule.

An on-site audit of the SMS was conducted by Transport Canada November 6-9, 2017. Findings of non-compliance with the SMS were reported by Transport Canada to the FMAA. The FMAA responded with a Corrective Action Plan (CAP). The CAP was submitted and accepted by Transport Canada on 19 December 2018.

The FMAA has invested in state-of-the-art Aircraft Rescue and Firefighting equipment in order to improve safety, upgrade equipment, and improve its firefighting capabilities.

The FMAA uses the following performance indicators, targets and reporting frequencies as input to its SMS.

- Wildlife control
- Airfield maintenance

- Emergency response times
- Runway incursions
- Bird strikes
- Airport-related aircraft accidents and incidents per year
- Ramp safety incidents per year

These SMS metrics 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 safe working environment

Performance metrics here include:

- The number of days lost due to incidents
- The number of Workers Compensation Board claims

Airport Security Program

The FMAA has an Airport Security Program⁹ (ASP), which is used on a regular basis by operations staff.

During 2018 and again in early 2019, Transport Canada conducted several audits and inspections of the security and emergency preparedness of the FMAA. In June 2018, a full inspection of the aerodrome and the Restricted Access Identification Card was done. A single deficiency was found which has since been remedied. In November 2018, an inspection was made of the air carriers. No deficiencies were noted. During March 2019, a “red team” spent five days testing the CATSA screening operations. No deficiencies with the aerodrome were noted in that inspection.

The FMAA has implemented its own Non-Passenger Screening Portal for FMAA employees and other staff to eliminate having to go through the CATSA screening process. CATSA staff at the FMAA described this system as “above and beyond the Regulations and Standards” imposed on airports by Transport Canada.

Four times a year (quarterly) the FMAA holds a security meeting with all staff. Suggestions relating to security are recorded and reported on at the next meeting.

⁹ Previously known as a Security Management System (SeMS).

Goal 1: Ensure airport operates securely

Performance metrics here include:

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

Major Finding:

The FMAA has demonstrated during the period of review its willingness to support the necessary enhanced safety and security requirements and responsibilities that come with local FMAA management.

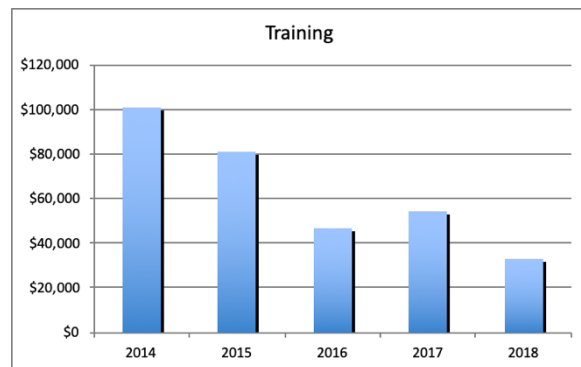
Crisis Communications Plan

The FMAA’s Crisis Communications Protocol, together with its Emergency Response Plan (ERP) are designed to help prepare for and manage communications response in a crisis. The development and execution of effective crisis communications assists in ensuring that in the event of an emergency or crisis, the appropriate message is communicated to the public and reinforces the Authority’s public image as a competent, caring and responsible member of the community.

The ERP is organized to identify the key stakeholder contacts and communication tools to support the Authority’s public response to emergencies.

Training

The FMAA has a comprehensive training program for all employees. Although over the past five years the annual training amount has averaged \$63,000 per year, the decrease in total amounts spent on training reflects the fewer number of employees on staff since 2016.



Regulatory Compliance

Statutory obligations, which may apply to the FMAA in its operation of the YMM airport, arise from the terms of the laws of Canada and Alberta. A list of applicable legislation is given in Annex B (this list is not exclusive, as other federal and provincial legislation may also apply to the operation of the aerodrome, or to the FMAA as an employer).

A comprehensive analysis of the implications arising from these federal and provincial statutes and supporting regulations was not within the scope of the Review. We are of the opinion

however that, because the FMAA has maintained itself as the operator of a certified aerodrome under the Aeronautics Act, and remained free of any orders, penalties or unresolved complaints for the period under review, that this demonstrated a positive assessment of the FMAA's compliance with its regulatory obligations under the applicable Acts.

Local and Regional Economic Contribution

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

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, the airport's presence can significantly affect the local economic landscape. Total economic impacts take into consideration three components: direct, indirect and induced impacts. Direct impacts are spin-off economic activities carried out at the airport by airlines, airport management, fixed base operators, tanker base, and other tenants with direct involvement in aviation.

The aerodrome produces 760 person-years of direct employment, \$46 million of direct wages paid, 1,580 total person-years of direct, indirect and induced employment, and \$96 million of wages in the RMWB.

Employing labour, purchasing local 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 has an *immediate* spin-off on the *local* economy, caused *directly* by the operations of the aerodrome.

Indirect/induced impacts are derived from activities as a result of the *direct* impact of the aerodrome (i.e., housing, schools and food for employees, hotels, restaurants and travel agencies for tourists). Furthermore, these impacts are also experienced due to of spending in the local community, in the rest of the province, and in other provinces in Canada, that result from all of the above.

The 760 employees who work at the aerodrome earn more than \$46 million annually, which is then put into the local economy.

The FMAA has recognized its important role in fostering increased use of the facility that has a multiplier effect in the region. During the period under review, the FMAA maintained its business base as a service provider to domestic and international business travellers.

Over the next ten years the principal works proposed are the lengthening of the runway to 9,000 feet, and a major expansion to the aprons and the ATB. This work is estimated to cost \$126.2 million (in 2019 dollars).

Major Finding:

The FMAA 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.

Environmental Awareness

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

An Environmental Management Plan meets that goal in a transparent and accessible manner. The Environmental Strategy and its execution plan, are designed to ensure that the FMAA is in compliance with all applicable environmental laws and regulations. To this end, the FMAA conducts Environmental Assessments when undertaking major infrastructure investment and renewal.

The FMAA operates under the following legislation and by-laws:

- The Canadian Environmental Protection Act (CEPA)
- Species At Risk Act (SARA)
- Migratory Birds Convention Act (MBCA)
- Canadian Environmental Assessment Act, 2012 (CEAA 2012)
- Transport of Dangerous Goods Act (TDG)
- Canadian Council of Ministers of the Environment (CCME)
- Storage Tank Systems for Petroleum Products Regulations
- Federal Hydrocarbon and Halocarbon Regulations
- The Fisheries Act

Wildlife Management

The FMAA has an Airport Wildlife Management Plan to deter birds and other wildlife. Grass in the proximity of runways, taxiways and aprons is managed to minimize the insects and birds which feed in it. Fences are maintained along the property line to discourage the incursion of large animals, and noise cannons and scare devices are used to disturb birds. The FMAA has a regular inspection and maintenance program for the fences.

Operating a safe and secure airport is the Airport Authority's primary focus. Bird strikes pose a significant safety risk to aircraft and passengers. To manage that risk, the Authority's Wildlife Program consists of four components: monitoring, habitat management, movement of birds through harassment techniques and where there is a perceived safety risk to aviation, the permanent removal of birds. In order to prevent bird strikes birds are detracted away from aircraft operating areas using pyrotechnics, scare devices and propane cannons. While habitat management and nuisance techniques are the Authority's primary tools, permanent removal

occurs when wildlife behaviour is perceived to be a safety risk. This may consist of an immediate risk to an approaching aircraft, or a potential or chronic risk that has reached unacceptable levels.

Water Courses and Wetlands

Over the past five years the FMAA continued its regular monitoring of water quality in the water run-offs from airport lands. Glycol levels at the de-icing pad are monitored regularly. Water courses are tested for glycol and for inflow/outflow contaminants.

Hazardous Materials and Storage Tank Management

The FMAA has published operating procedures for the handling, use and disposal of hazardous materials and their waste.

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

The FMAA is compliant with Environment Canada's Storage Tank Registry.

Environmental Management Program

The Environmental Management Program is in place to ensure that operations on FMAA lands do not cause harm to the environment. The EMP includes spills of hazardous materials in runoffs from aerodrome lands.

The EMP encompasses construction monitoring and airport surveillance. It is designed to avoid potential threats, such as spills at construction sites or degradation of the environment due to airport activities.

There are regular inspections of all airport facilities and operations.

Spill Response Program

The FMAA 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 safety of the public and workers.

Emergency services responds to all product releases and responds in accordance with regulatory requirements.

Contaminated Site Program

The FMAA Contaminated Site Program assesses and remediates historically-contaminated sites on airport lands. The program objectives are to identify these sites and their potential to contaminate ground and surface waters, and fresh water ecosystems.

At the time of writing this report there are no known contaminated sites located on aerodrome lands other than those identified in the baseline environmental study conducted by TC prior to transfer.

Noise Control

Noise control from the aerodrome has not been identified as an issue by external stakeholders. The FMAA has procedures in place with respect to noise control comprising noise complaint management, noise exposure forecasts, and communications with the local populace.

Major Finding:

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

Contribution to the Advancement of Air Transportation

The FMAA plays an important role in the advancement of air transportation as it relates to the commercial and leisure traveller in northern Alberta.

The FMAA continues to be active in a number of national and international forums. This provides the FMAA, in return, with vital communications, operational, technical, regulatory and political links.

Through its consistent determination to facilitate air transportation activities, it operates in two principal areas:

- As a service supplier to international air traffic and
- As a local terminus connecting the RMWB with other locations.

Customer Service

The FMAA maintains a focus on satisfying its various stakeholders including passengers, air carriers, service partners, and the region within which it operates. Indeed, the FMAA Business Plan highlights the FMAA view of customer service.

In 2018, the Airports Council International awarded the FMAA the Airport Service Quality award for the best regional airport in Canada for customer experience. FMAA was joined by one other airport in the United States, as the top two regional airports in North America

Relations with Service Partners

There are a large number of service partners that interact regularly with the FMAA. Given the scope of the Review, we were not able to undertake a comprehensive survey of all service partners; however, we interviewed a significant sample of commercial and general aviation

companies to review their perspectives on the FMAA as a business partner. Their overall comments were that the FMAA was much more open in its dealings with them over the past five years. Some stakeholders, tenants and service partners were especially satisfied with the FMAA's new management team.

The view of the air carriers with whom we spoke was that the FMAA has a good relationship with them.

It was not possible to conduct a survey with all the land tenants of the FMAA bearing in mind the time-frame and budget available for the Review. Those land tenants we did speak with were generally agreeable in their description of the FMAA. Although some persons interviewed felt that maintenance of the aerodrome could be better, they also noted that the maintenance was adequate given the decrease in field operations staff over the past few years.

Scheduled airlines serving the FMAA are Air Canada and WestJet. Other air services are provided by Alberta Central Airways, Aurora Helicopters, Canadian Helicopters, Delta Helicopters, Highland Helicopters, Lakeshore Helicopters, McMurray Aviation, Mustang Helicopters, Phoenix Heli-Flight, Syncrude Canada and Vortex Helicopters.

There are four car rental agencies servicing the airport, located in the Main Terminal Building (Avis, Budget, Enterprise and Hertz). These four agencies provide the majority of car rentals in Fort McMurray and the surrounding area.

Public transit and taxi services are available.

Development of the Aerodrome

FMAA addressed planning in a methodical and predictable manner, ensuring that items from a safety point-of-view and those that make things better for the travelling public and leaseholders are accomplished before items of a lesser importance.

Master Plan

In 2019, the FMAA produced a Master Plan update consisting of a Development Vision and Land Use Plan for airport lands¹⁰. The Master Plan goes to the year 2039 and describes a responsible and appropriate plan for the short, mid and long-term development of the FMAA lands. In 2014, the assessment of available lands for development showed significant lands available both to continue to support existing and any anticipated airfield requirements during the development period. In 2013, the FMAA acquired an additional 450 acres of land to the south of the existing aerodrome allowing it to plan for a second parallel runway and industrial development.

The Master Plan in our view was based upon conservative passenger load estimates and acknowledged the risks associated with adding additional infrastructure.

¹⁰ 1,265 acres (512 hectares).

A Strategic Plan is developed for a period of 5 years for implementation with a detailed Business Plan for the current and next fiscal year.

An analysis of airport systems, facility requirements and land use implications has indicated the following:

1. Existing airfield capacity (runway, taxiways) is sufficient for current operations but not for the long-term. At some point the runway will require an extension of 1,500 feet¹¹ to accommodate larger passenger aircraft¹². Airfield pavements require continued preventative maintenance programs and major rehabilitative work is scheduled for 2020.
2. With the addition of the 450 acres to the south of the aerodrome the airfield lands currently designated as "Operational/Protected" and which include the runway/taxiway system and the associated system of navigational aids are sufficient to the year 2039. These lands will accommodate, when required, additional taxiways for commercial and industrial development and upgrades by Nav Canada to the existing instrument landing system.
3. By 2023, the FMAA plans to construct a gas station, a car rental quick turnaround facility, a new hotel (to replace the one which burned down in May 2016), and new SSALR approach lighting on runway 08.
4. The Air Terminal Building and associated ground transportation systems although sufficient for current forecasted volumes, will require expansion to accommodate long-term passenger demand forecasted for the planning period to ensure satisfactory service levels through the year 2039 planning horizon. The development of taxiways and aprons, the addition of an emergency North/South runway to accommodate light aircraft in cross-wind operations, the upgrading of navigational aids and aerodrome lighting, and upcoming terminal expansion plans are on hold until that development is required.
5. The airport has designated land area to accommodate land development projects. There is a shortage of serviced commercial/industrial land, particularly for airside commercial, some of which is currently leased to non-air operators.
6. Although a co-operative relationship already existed between the FMAA and the RMWB, since 2015 the FMAA has developed a more engaged process to meet the needs of Fort McMurray and the outlying oil sands developments. This spirit of co-operation

¹¹ Fort McMurray International Airport Master Plan Update, June 17, 2019, p. 59. Runway 08-26 will require a 1,500 extension to 9,000 feet to accommodate aircraft such as the B737-700, B737-800, B737 Max 8, B767-200ER and the B767-300ER

¹² FMAA Business Plan 2019, p. 9. The runway extension was part of the Building Canada Fund (BCF) application, however all projects related to the BCF have been deferred to 2025.

will influence and promote the harmonious development of both the airport and the adjacent lands.

Airport Lands Development Plan

The planning process for the Master Plan involved the preparation of a number of studies aimed at identifying the highest and best use of airport land and identifying the development requirements. The planning process integrates with local planning strategies and the RMWB Municipal Development Plan. Plans address regional and urban growth management, all within the scope of responsible development.

More specifically, for the FMAA these plans included:

- The Airport Land Use Plan, providing the framework for the long-term development and use of airport land, including the commercial focus of the site's different land areas.
- Relocation of taxiways to allow for an emergency North/South runway.
- Expansion of the apron to accommodate four new bridges.
- Lengthening of the runway by 1,500 feet and the creation of RESA zones at either end.
- Adherence to noise exposure forecast contours, federal aeronautical zoning regulations, regional airport area structure plans, and Highway 69 / Clearway River Valley area structure plan.

These studies form the basis of the FMAA's immediate commercial development strategy which encompasses aviation related businesses that do not require airside access; offices; gas stations; car washes; car rental facilities; hotel/motel operations; food and beverage outlets; light manufacturing; museums; outdoor storage; retail sales operations; distribution centres; warehouses; transportation services and facilities; and public utilities.

Financial Viability of the FMAA

On March 31, 1999, the RMWB acquired the land, buildings, equipment and management of the YMM Airport from the Government of Canada for a nominal sum of \$1.00. In December 2009, the FMAA was incorporated and assumed control of the aerodrome on 1 January 2010. The land and assets were transferred from the RMWB to the FMAA at that time.

Since 2014, the operations of the FMAA have been severely impacted by the downturn in the oil-based economy of the RMWB, and the Horse River Wildfire of 3 May 2016.

Capital Expenditure

Since 2014, the FMAA has spent approximately \$59.5 million on capital improvements to the infrastructure of the aerodrome, of which approximately \$0.5 million was spent in 2018.

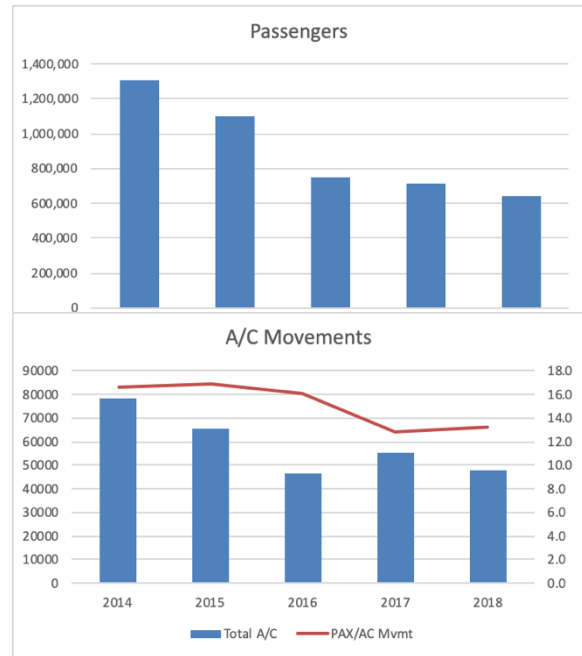
Over the next twenty years, if increased passenger loads exceed current capacity, the FMAA will require an estimated \$97.6 million in capital expenses of which 25% will be financed with long-term debt. The FMAA has a long-term debt to passenger ratio of \$277.

Since 2014, approximately 75% of the capital expense of \$59.5 million has been funded by long-term debt, with the remaining 25% funded by the AIF. It is foreseen that future expansion will be funded principally by the AIF. The FMAA has an AIF of \$40 CAD per enplaned passenger.

Passenger Volumes

Since 2014, the FMAA has seen a steady decrease in passenger volumes.

In 2014, 1,308,416 passengers used the airport. In 2018 that number was 639,923, a decrease of 51.1%.



Traffic Volumes

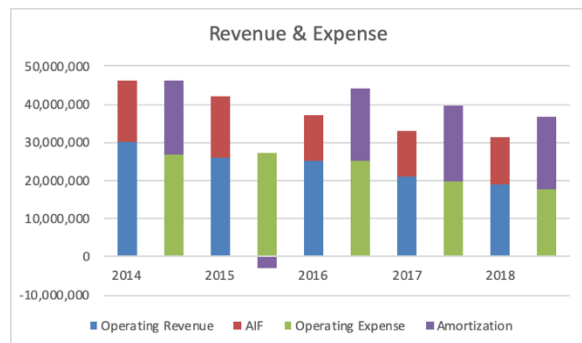
From 2014 to 2018, total scheduled itinerant and local aircraft movements decreased from 78,660 to 48,187.

The passengers per aircraft movement decreased from 16.6 in 2014 to 13.3 in 2018.

Financial Operations

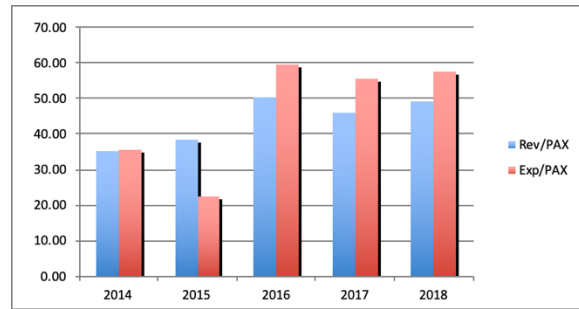
The Consumer Price Index over the period of the Review increased 8.4%. Over the five years from 2014 to 2018, operating revenues decreased 37.7%, operating expenses decreased 20.9%, and AIF decreased by 20.2%.

In 2018 operating revenues were \$18,857,082 and operating expenses were \$17,599,571.



In 2018, revenues from Airport Improvement Fees were \$12,684,984 and expenses for amortization and interest on long-term debt were \$19,247,904.

On a “per passenger” basis, in 2018 the FMAA generated an income of \$49.31 per passenger (an increase of 27.3% over 2014), and expenses of \$57.40 per passenger (an increase of 61.8% over 2014).



The financial statements available referred to the review periods including all of calendar year 2018. We spoke with management regarding their expectations for the financial picture in year 2019 and they expressed the view that it is consistent with their projections.

Insurance Premiums

Over the period of the Review, and for the same insurance coverage, premiums increased from \$184,183 annually in 2014 to \$188,342 annually in 2018, an increase of 2.3%.

Rent

Unlike most other major Canadian airports, the FMAA does not pay rent to the federal government for its land.

Based on its revenue, the current land rent formula would have meant an annual payment of approximately \$1.2 million. Since the FMAA does not have to pay this rent, the monies thus saved are available to re-invest in the aerodrome and its land. This greatly increases the ability of the FMAA to attract long-term tenants and may impact the economic enhancement of Fort McMurray.

Major Finding:

On a day-to-day operation basis, the FMAA operates effectively and efficiently, covering operating expenses with operating revenue.

Governance

This section reviews the extent to which the FMAA has operated in a manner which is accountable and responsive to its community. It also examines the effectiveness of its governance mechanisms in managing the many issues faced by a modern airport.

Independent directors are those that are not appointed to represent any constituent body, are not employed by or have a significant business relationship with the organisation, do not hold any other material office within the organisational structure and have no material conflict of interest as a result of being appointed director.

Board Structure

The Board is the primary instrument of corporate governance. It is tasked with setting policy for management and ensuring that management is accountable to airport stakeholders. In fulfilling this role, the FMAA's Board must be demonstrably representative of and responsive to its community. The FMAA is a not-for-profit corporation and members of the Board of Directors are appointed by both non-governmental organizations and governments as shown in the table below. Board members are appointed for a four-year term. A Board member's term may be renewed once by their Appointer.

The Board has a Chair and three Committee Chairs. There is no Vice Chair. Committee members are encouraged to rotate on a regular basis in order to allow new members to gain experience and to allow for new input and perspective.

The Board conducts an annual self-evaluation of its Committees, and an annual evaluation of the CEO. The evaluations provide constructive feedback to the CEO and the Board members.

Each new Board member receives an orientation session upon joining the Board.

Governance Model

The Board uses a Policy and Practices Governance Model.

Since its beginning in 2010, the Board has demonstrated its appreciation and understanding of the Board's mandate. The Board has invoked governance policies and practices, which it uses to guide and direct the management of the FMAA.

Major Finding:

The FMAA Board has developed and implemented governance policies and practices consistent with the good governance best practices used by other Canadian Airport Authorities. The Board uses these policies and practices effectively in offering guidance to FMAA management.

Several committees support the operations of the Board: Governance Committee, Audit & Finance Committee, and Capital Projects Committee. This allows for more focused activities to be undertaken by each committee, together with a formal reporting mechanism from each committee to the Board as a whole. The committees are not decision-making but will make recommendations to the Board as a whole.

The Board has orientation sessions for new Board members to explain their duties and responsibilities, what the Board expects of them, and how new members may best contribute their expertise and experience to the functioning of the FMAA. There is a strong emphasis on ethical practices and ethical behaviour. The Terms of Reference for Board Members have matured over the past five years.

Board Composition

The FMAA's Board is currently comprised of ten members.

Current Board Composition

Name	Board Position	Nominee
Mike Chwelos	Chair	Canadian Association of Petroleum Producers
Joanne Day	Chair, Governance Committee	Regional Municipality of Wood Buffalo (RMWB)
Colin Solbak	Chair, Audit & Finance Committee	Fort McMurray Chamber of Commerce
Bill McGoey	Chair, Capital Projects Committee	FMAA
Sheldon Germain	Director	RMWB
Linda Huebscher	Director	CUPE, Local 1505
Keith Haxton	Director	RMWB
Staci Millard	Director	FMAA
Doug Simms	Director	Fort McMurray Chamber of Commerce
Vacant	Director	FMAA

Appointers for Board members are:

- Regional Municipality of Wood Buffalo (3);
- Fort McMurray Chamber of Commerce (2);
- Canadian Association of Petroleum Producers (2);
- CUPE Local 1505 (1);
- Oil Sands Community Alliance (no members); and
- The FMAA in its own right (2).

We believe the current Board nominees reflect the governmental, business, and other socio-economic policies and procedures adopted by the FMAA.

Members of the Board are appointed for an initial period of four years. Members may be re-appointed for a second four-year period, thus allowing for overlap and continuity in the governance of the FMAA.

The broad cross-section from the community conforms to the intent of the Act and the Regulation to assure that as many stakeholder interests are considered as is practicably possible. A broad community involvement is also aligned with the current policies of Transport Canada with respect to Class I and Class II airports and the National Airports System to assure broad cross-representation from the local community.

Appointers and current Directors ensure, so far as is reasonably practicable, that the Board as a whole is representative of the Authority's region and consists of persons who collectively have experience and shown capacity in:

- Air transportation
- Industry
- Commerce
- Finance
- Administration
- Law
- Engineering
- Organization of workers
- Representation of the interests of consumers
- Indigenous peoples
- Rural and urban residents of the Regional Municipality of Wood Buffalo.

Board Appointers

The Board uses an experience and expertise matrix when asking Appointers for new members. Appointers may or may not respect the required experience and expertise asked for by the Board. The Board does not have a formal process to refuse an Appointee.

At the moment, the ability to refuse or accept an appointment has not been an issue since those Board members appointed have all been an asset to the FMAA. However, at some point in the future the Board may find itself in the position where for any number of reasons it does not wish to have an Appointee sit on the Board. Consequently, the Board may wish to examine its process for finding and engaging new Board members. This may entail including in the Bylaws the option for the Board to request a number of names from the Appointer, with the Board having the final decision.

The Appointers interviewed expressed the opinion that they are satisfied with the appointment process. One Appointer believed that Board members did not reflect the interests of that Appointer. The Board may wish to communicate to the public and to Appointers that whereas Board members may listen to the public and their Appointer, the Board member may not let the interest of their Appointer or the public affect their actions as a Board member. By law the Board member has a fiduciary responsibility to the FMAA.

Conflicts of Interest

One of the basic aims of governance is to prevent conflicts between the interests of the corporation and those of the directors or officers. For example, directors and officers must disclose in writing any personal interest they may have in a material contract with the corporation. If a director or officer fails to make such a disclosure, the corporation or a member may apply to a court to request a remedy.

The FMAA Board requires that Directors disclose any conflict of interest that they may have with the FMAA.

Bylaws

FMAA Bylaws are kept current and are updated as required. The Bylaws were last updated in January 2010.

Preparation and Quality of Strategic and Business Plans

The FMAA Board of Directors has evolved policies and practices that articulate the Board's vision, governance process, Board to CEO relationship, and functional leadership. An Annual Business Plan is developed by FMAA staff and is consistent with the overall strategic directions of the FMAA. 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, all of which relate to the strategic direction for the FMAA.

FMAA incorporates in its annual calendar a two-day strategic planning session. The session is used to revise and adjust to a changing environment and to allow responsiveness within its planning.

We believe that the FMAA has taken a conservative approach in the development of its Business 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 and are achievable by the FMAA.

In our view, the high degree of alignment that exists between the Vision, Mission, Master Plan and Business Plans and their communication to primary stakeholders has served the FMAA well. The focus that senior management has been able to place on the longer-term directions of the FMAA has served it very well.

Major Finding:

The FMAA has continued to demonstrate 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 FMAA as an effective not-for-profit corporation, managed with due regard for its stakeholder communities.

Future Challenges

Under Transport Canada, airport performance historically was undermined by several factors, including large centralized administrations 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 that respected the environment and be more responsive to local needs. The transfer aimed to facilitate investment and relieve airports of government financial constraints.

For the ten-year period from 2000 to 2009, while the Fort McMurray aerodrome was administered by a Commission, this expectation achieved mixed results. The aerodrome experienced significant political involvement and poor financial controls and strategic business planning.

However, since the creation of the FMAA in 2009 and its assuming operational control of the aerodrome in 2010, and the subsequent hiring of an experienced senior management team in 2015, the situation has turned around.

The Review has confirmed that YMM is a safe, secure, responsible, not-for-profit operation that contributes substantially to the economic activities of Wood Buffalo. Moreover, we believe it models fiscal probity, environmental awareness and responsibility.

There remain, however, several challenges.

Oil Sands Development

The drop in oil prices in 2015-16 resulted in much lower capital investment in the oil sands in and surrounding the RMWB. This also resulted in a workforce reduction of about 80,000 workers and a resulting decrease in passenger loads for the FMAA. Although oil sands production capacity could very well increase in the near future, there remains the issue of transporting that increased production to market. As a stopgap measure, the Alberta government reduced oil output by 325,000 barrels per day for the first three months of 2019, and then by 95,000 barrels per day for the remainder of the year. The provincial government also purchased an additional 7,000 railcars to transport the oil to market, but that is not a long-term solution. Increased pipeline capacity is the only long-term solution that would greatly facilitate transportation of crude oil to market.

Infrastructure

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.

The FMAA is no different. Past investment required more than \$251.8 million to bring the airport to the point where it could safely accommodate the number of passengers transiting its

ATB. Future investment may require an additional \$97.6 million for the ATB, parking, runways, lighting and approach systems, taxiways and aprons, and other infrastructure.

Projects are a capital challenge, and the FMAA manages them in a fiscally responsible manner. There is timely, orderly development which follows the Master Plan. Airport infrastructure has been upgraded, but the future may be different.

Increased Impacts of Security Requirements on FMAA

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 larger airports. Indeed, some of the government's regulatory changes appear not to have sufficiently taken into account the operational and financial burdens that this imposes on all airport operators.

These issues most certainly include:

- The effects of change on operational burdens and the downstream affect on human capital;
- The mandatory capital investment required to respond to changing human and air cargo security commitments;
- The gap between rising infrastructure costs and declining prices charged by carriers; and,
- Rising concern on the part of TC regarding the treatment of air cargo.

Risk Management

Safety Management System (SMS)

Under the Safety Management System (SMS), Transport Canada requires the FMAA to manage risk, with Transport Canada being responsible for the inspection/audit/evaluation role, and the airport being responsible for the design/development/administration role.

To ensure that it meets its responsibilities, the FMAA has ensured that the design/development/administration of its SMS meets the requirements of Transport Canada. It has done this by categorizing the risk areas, prioritizing those risks, establishing a probability of each risk occurring, and developing a risk mitigation/risk management strategy for each risk. However, Transport Canada continues to make rules with a devolved responsibility to the FMAA that it meet these rules. The cost of meeting the requirements of the rules may eventually be an issue.

Airport Security Program (ASP)

As with the SMS, the responsibility for the design, development and administration of ASP will devolve to the FMAA, with Transport Canada assuming the role of regulator and auditor.

The cost of the ASP is a direct issue for the travelling public, since the cost is attached to the ticket. Since 2003 the cost of CATSA has increased, but public perception is that service has gone down, especially when there are line-ups at the pre-board screening area and not all the screening lanes are open.

The concern is that the cost for the ASP is borne by the travelling public and the FMAA, with Transport Canada deciding what functions will be within the ASP, with little or no input from the FMAA, and the FMAA having to fund those functions.


ANNEX A - BACKGROUND DOCUMENTS

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 Restricted Area Access Clearance Security Measures
 Airport Safety Manual
 Airport Traffic Directives
 Airside Operations Handbook
 Airside Vehicles Operator's Permit Program
 Annual Reports – 2014 to 2018
 Apron Safety Management Plan
 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
 Crisis Communications Plan
 CSA Standards B 836-00 Aviation Fuels (storage, handling & dispensing)
 Emergency Procedures Manual
 Environmental Management Plan
 Financial Statements – 2014 to 2018
 Input and feedback received by the FMAA from third parties
 Insurance Premiums – 2014 to 2018
 Internal documents including bylaws, policies and procedures
 Articles
 Policies and Procedures Manual
 Public Accountability Principles
 Runway Condition Reporting
 Security Operational Guidelines
 Winter Operations Manual

ANNEX B - APPLICABLE LEGISLATION

Aeronautics 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;
Customs Act;
Health of Animals Act;
Immigration Act;
Orders under Fire Prevention Act;
Quarantine Act;
Regional Airport Authorities Act (and Regulation);
Transportation Act; and,
Transportation of Dangerous Goods Act.

ANNEX C - AIRPORT CERTIFICATE -



**CIVIL AVIATION
AIRPORT CERTIFICATE**

**AVIATION CIVILE
CERTIFICAT D'AÉROPORT**

5151-123
Certificate No. / N° du certificat

FORT McMURRAY
Name of Airport / Nom de l'aéroport

FORT McMURRAY AIRPORT AUTHORITY
Name of Certificate Holder / Nom du détenteur du certificat

N56° 39' 12.0" W111° 18' 24.0"
Latitude / Longitude

This airport certificate is issued by the Minister pursuant to Part III of the Canadian Aviation Regulations under authority of the Aeronautics Act and authorizes the operator named in the approved Airport Operations Manual to operate this airport.

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.

This certificate is subject to any conditions, limitations or special procedures established by the Minister pursuant to Section 302.03(3) of the Regulations as set out on the reverse of this certificate and set out in the approved Airport Operations Manual.

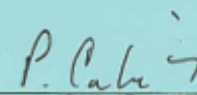
This airport certificate shall remain in effect until transferred by the Minister, suspended or cancelled.

Ce certificat d'aéroport est délivré par le ministre en vertu de la Partie III du Règlement de l'aviation canadien sous l'autorité de la Loi sur l'aéronautique et il autorise l'exploitant, tel que l'établit le manuel d'exploitation d'aéroport approuvé, à exploiter ledit aéroport.

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 Loi, le Règlement ou pour toutes autres raisons tel que l'énonce la Loi.


Ce certificat est sujet à toutes les conditions, limites ou procédures spéciales établies par le ministre en vertu du paragraphe 302.03(3) du Règlement telles que spécifiées à l'endos de ce certificat et tel que l'établit le manuel d'exploitation d'aéroport approuvé.

Ce certificat d'aéroport doit demeurer en vigueur jusqu'à son transfert, sa suspension ou son annulation.


Patrick Cahill
Minister of Transport / Ministre des Transports

2018-12-11
Certificate date of issue / Date de délivrance du certificat

28-0610 (0902-03)



Canada

ANNEX D - COMPLIANCE GRID

Five Year Performance Review

The following questions are based on issues raised in the Act and the Regulation. Answers were provided by the Corporate Secretary.

Public Meeting

1. Is a public meeting held at least once a year? YES
2. Are public meetings advertised at least 30 days in advance? YES
3. Are at least 1/3 of the directors present at each public meeting? YES
4. Are the annual financial statements, the auditor's report, and the annual report available to the public at that meeting? YES

Appointers

5. Does the AA meet with the appointers within a period of 135 days after the end of the fiscal year? YES
6. Are at least 1/3 of the directors present at the meeting with the appointers? YES
7. Are the annual financial statements, the auditor's report, and the annual report available to the appointers at that meeting? YES
8. Does the AA inform the appointers of the appointment of an auditor? YES

Annual Financial Statements

9. Are the annual financial statements of the AA, the annual statements of its subsidiaries, the auditor's report, and the annual report of the AA provided to the Registrar within 120 of the end of the fiscal year? YES
10. Does the AA follow GAAP, including the accounting recommendations of the Canadian Institute of Chartered Accountants (CICA), in preparing its financial statements? YES, for Not-For-Profit Organizations
11. Does the AA's auditor apply generally accepted auditing standards, including the auditing recommendations of the CICA? YES

Reports

12. Has the AA refused to provide to any person copies of reports? No.

Annual Return

13. Does the AA provide to the Register, within 30 days of the end of the fiscal year, an Annual Return? YES

Distributions and Surpluses

14. Does the AA pay any dividends or similar distributions to its members? NO
15. Does the AA pay or make available any part of its surpluses to or for the personal benefits of any of its members? NO

Securities Register

16. Does the AA maintain a securities register? The AA has not issued any securities. If the AA should do so, there is a provision for a securities register in the AA minute book.

Directors

17. Do directors serve 4 year terms? YES

18. Are the terms staggered? YES

19. Does the Audit Committee consist of at least 3 directors? YES

20. Does the Audit Committee review the financial statements prior to their being approved by the Board? YES

21. Does the Auditor receive notice of Audit Committee meetings? YES

In addition the Review asked the following questions:

1. Are you aware of any issue which has had a material impact on the management, operational and financial performance of the FMAA for the five-year period covered by this Review? NO
2. Are you aware of anything which could have a material impact on the management, operational and financial performance of the FMAA in the immediate or near future? NO
3. The FMAA is responsible for providing a safe and efficient service to the public. Is there anything which has prevented it from doing this? NO
4. Please comment on the FMAA’s business plans and approved objectives? SEE REPORT.
5. Please comment on the financial and management controls, and the information systems and management practices, including the steps taken to ensure that:
 - a. the assets of the FMAA have been safeguarded and controlled;
 - b. the financial, human and physical resources of the FMAA have been managed economically and efficiently; and
 - c. the operations of the FMAA have been carried out effectively SEE REPORT
6. Is there any other relevant information about the FMAA which could materially affect the performance of the Review, or which the reviewer should be made aware of? NO

Public Accountability

7. For the general benefit of the public in your region, do you:
 - a. 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

- b. undertake and promote the development of the airport lands for which you are responsible for uses compatible with air transportation activities? YES
 - c. Expand transportation facilities and generate economic activity in ways which are compatible with air transportation activities? YES
8. 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

Conflict of Interest

9. Do appointees notify the board of directors and his appointer 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? YES.
10. 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
11. Is there a Code of Conduct for directors, officers and employees? YES
12. Do any situations exist where use or occupancy of airport premises are at non-arm's length from the FMAA? NO

Public Notice of Changes in User Charges

13. Does the Authority give advance notice through appropriate local media of planned increases in airport user charges (excluding rent)? YES
14. Does the notice include an explanation of the justification for such increases? YES

Community Consultative Committee

15. Is there a Community Consultative Committee? NO

Lessor's Consultative Committee

16. Is there a Consultative Committee for leaseholders of the FMAA? NO

Airline Operators Committee

17. Is there a committee for airline operators and the airport community? YES

18. If yes, how often does it meet? MONTHLY

19. Who comprises its members? ALL AIRLINES OPERATING FROM YMM

Reporting to Appointers

20. Do directors report to their nominator no less than once a year? YES

ANNEX E - EMERGENCY PROCEDURES

Aircraft Emergency Standby
Airport Security Program
Bomb Threat – Aircraft
Bomb Threat – Building / Facilities
Crash – Off Airport
Crash – On Airport
Fire – Structural Facilities
Hazardous Material
Hijacking
Medical Emergency – Travelling Public

ANNEX F - AIRSIDE SAFETY PROGRAM

Airside Inspections
Airport Fire Service
Airport Security
Electrical Staff
Maintenance Staff
Airside Maintenance Work Program
Airside Vehicle Operators Program
Apron Safety Plan
Bird and Wildlife Control Plan
Construction Safety Plans
Safety Management System Manual
AA Policies and Procedures
AA Tenant and Stakeholders Directives
Winter Operations Plan

ANNEX G: PERSONS INTERVIEWED

FMAA, RJ Steenstra, CEO
FMAA, Cuyler Green, VP, Operations
FMAA, Denean Robinson, CFO & VP Corporate Services
FMAA, Brian de Ruyter, VP, Air Service & Commercial Development
FMAA, Sylvie Lemieux-Comtois, Senior Manager, Human Resources & Administration
FMAA, Margaret Ziolecki, Senior Manager, Government Relations & Public Affairs
FMAA, Sara Viveiros, Manager, Health, Safety & Environment
FMAA Board, Mike Chwelos, Board Chair
FMAA Board, Joanne Day, Chair, Governance Committee
FMAA Board, Bill McGoey, Chair, Capital Projects Committee
Air Canada, Shawna Plante, Station Manager
Burger King, Robin Yakemchuk, Owner
Canadian Airport Fire Services, Ed Pearson, Owner
CATSA, Gina Libal, Manager, Service Delivery
CUPE Local 1505, Judy Collier, President
Earl's, Stu Wigle, Owner
Nav Canada, Andrew Charbonneau, Unit Operations Specialist
Nicholby's, Wendy Kadlovski, Director of Operations
Oil Sands Community Alliance, Karim Zariffa, Executive Director
Private Hangar, Jason Vargo, Owner
RMWB, Caitlin Hanly, Municipal Solicitor
RMWB, Jade Brown, Chief Legislative Officer
Sun Taxi, Penny Skinner
WestJet, Les Lemay, Station Manager

ANNEX H: TERMS OF REFERENCE FOR THE CONDUCT OF THE REVIEW

The Terms of Reference for the conduct of the Review are contained in the s. 29 of the Act, and s. 29 and s.30 of the Regulation.

The Act

Performance Review

29(1) At least once in every prescribed period, an authority shall have a review of the authority's management, operation and financial performance conducted by a person who is independent, within the meaning prescribed, of the authority.

(2) The person making the review shall prepare a written report containing the person's findings on the review.

(3) The report must include an assessment of the extent to which and how well the authority fulfilled its purposes during the period covered by the review and any other prescribed information about the authority.

(4) The authority shall forthwith provide a copy of the report free of charge to each of the appointers.

The Regulation

Performance Review

29(1) For the purposes of section 29(1) of the Act,

(a) The period prescribed is 5 years, with the first 5-year period beginning on the date on which the authority first manages and operates an airport,

(b) "independent" shall be construed in accordance with section 34(4).

(2) The report under section 29 of the Act must include statements by or opinions of the reviewer describing or dealing with

(a) the terms of reference of the review, including its scope, extent and nature,

(b) the extent to which the authority was operating

(i) a safe and efficient service to the public, and

- (ii) an efficiently run undertaking in accordance with its business plans,
- (c) in relation to the authority and its subsidiaries, the extent to which their financial and management control and information systems and management practices were maintained in a manner that provided reasonable assurance that
 - (i) the assets of each such corporation were safeguarded and controlled, and
 - (ii) the financial, human and physical resources of each such corporation were managed economically and efficiently and its operations carried out effectively,
- (d) any further information that is required by a special resolution of the authority, and
- (e) any concerns or qualifications that the reviewer has with respect to any matter described in this subsection.

Reviewer's right to information

30(1) On the demand of the reviewer, a present or former director, officer, employee or agent or the auditor or a former auditor of the authority shall furnish

- (a) any information and explanations, and
- (b) any access to records, books, accounts and other documents of the authority or any of its subsidiaries

that the reviewer reasonably considers to be necessary to enable him to make the review and report required by section 29 of the Act and that that person is reasonably able to furnish.

- (2) On the demand of the reviewer, the directors shall
 - (a) to the extent that they are reasonably able to do so, obtain from the present or former directors, officers, employees, agents or auditors of any affiliate of the authority the information and explanations that those persons are reasonably able to furnish and that the reviewer reasonably considers to be necessary to enable him to make his review and report, and
 - (b) furnish the information and explanations so obtained to the reviewer.
- (3) The reviewer's report has qualified privilege.
- (4) The reviewer may reasonably rely on any report made by an auditor.