

**FLYING  
TOGETHER  
2015 ANNUAL REPORT  
FORT McMURRAY AIRPORT AUTHORITY**



# WE ARE CANADA'S PREMIER REGIONAL AIRPORT



## MISSION

We are responsible stewards of our airports, 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.

## CORPORATE VALUES

- » Excellence in Safety, Security and Environment Performance
- » Exemplary Customer Service
- » Commercially Focused, Fiscally Responsible Business Sustainability
- » Leadership
- » Teamwork

## KEY SUCCESS DRIVERS

1. To optimize the customer experience by leading a high performing airport team that provides superior facilities and services.
2. To be financially sustainable and environmentally responsible.
3. To foster effective stakeholder relations.

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# FLYING TOGETHER

## FLYING TOGETHER

IN OUR REGION, WE FLY TOGETHER, IN GOOD TIMES AND BAD TIMES. IN 2015, FORT MCMURRAY INTERNATIONAL AIRPORT (YMM) CONTINUED TO REDEFINE THE AIRPORT EXPERIENCE FOR PASSENGERS. TOGETHER, YMM AS A COMMUNITY HAS MET EACH NEW CHALLENGE THAT COMES WITH BEING A LARGER AND EFFICIENT AIRPORT, WHILE SEEKING OUT AND CREATING NEW TRAVEL OPPORTUNITIES FOR PASSENGERS.

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More than ever, YMM continues to strive for new ways to fulfill its potential of becoming “Canada’s Premier Regional Airport.” We are flying together.

”

### AIRPORT IMPROVEMENTS CONTINUE

In 2014, YMM opened a new terminal that changed the way people experience airports in northern Canada. We celebrated the facility’s first-year anniversary in style by doing what we do best, deliver the best possible airport experience for passengers. Even in this difficult economy, YMM continues to serve over 1 million passengers.

This shows building a new, larger terminal was necessary and will continue to be so. Therefore, in partnership with both the Municipality and the Federal Government, YMM has moved into the first phase of expansion, a \$75-million project to extend the main runway and expand airside services.

The budget was locked in prior to the economic downturn, and now is prime time to expand airport infrastructure when labour and material costs are lower. Further, YMM will be more than ready to serve the needs of the Wood Buffalo Region when the economy rebounds and air service demand increases.

### PASSENGER NUMBERS

In 2015, YMM served nearly 1.1 million passengers, compared to 1.3 million in 2014. The number of commercial flights declined 8.4 per cent and charter flights decreased by 50.7 per cent from 2014 levels.

These are obviously not satisfying numbers but, to put into perspective, the Wood Buffalo Region was coming off one of the largest energy booms in 30 years.

We were prepared to handle passenger projections of up to 1.5 million, but we have reorganized operations to efficiently and effectively deal with the downturn and any further declines in passenger numbers in 2016.

The downturn also affected airlines that service YMM. Both WestJet and Air Canada reduced the number of scheduled flights to Edmonton, Calgary, Vancouver and Toronto. The airlines made these changes to control costs during these tougher economic times, but they are not permanent. When the economy improves and passenger demand increases, the airlines will bring back flights to YMM. We anticipate in the coming years to see new non-stop U.S. and domestic services on the schedule, as well as popular vacation and sun destinations such as Las Vegas and Mexico.



## LONG-TERM PLANNING

In January 2016, the National Energy Board (NEB) released a report that projected daily production in the oil sands will reach nearly 4.8 million barrels by 2040, more than double the 2.2 million barrels produced daily in 2014.

The Canadian Association of Petroleum Producers (CAPP) latest outlook, although lower than the one issued in 2014, also shows that the petroleum production will continue increasing to about four million barrels per day by 2030, and that the growth is coming mainly from the oil sands located in Alberta.

Just as YMM prepared for the downturn, the airport's Master Plan reflects the projected rebound of the oil sands and remains in lock-step with the long-term growth of the region over the next 25 years. As such, YMM constantly monitors the short and long-term projections on the energy economy and adjusts its short and medium-term planning accordingly.



## SHARING WITH THE COMMUNITY

The first-year anniversary of the new YMM airport terminal was celebrated in style. A mix of live music, free food, special concession discounts and contests together created an unforgettable passenger experience equal to the day the terminal opened to the public. We thank the airlines, the shops and restaurants as part of the YMM Merchants Association, the Regional Recreation Corporation, WestJet and Air Canada for teaming up and helping deliver one memorable anniversary celebration.

YMM also played an important role when the Wood Buffalo Region hosted the Western Canada Summer Games 2015 in August. Over 14,000 athletes, their families, trainers, supporters and other guests attended the nine-day multi-sport event to advance their skills in a competitive but friendly environment. YMM was the first to greet athletes when they arrived to the region and the last one to wish them a safe trip home.

One of most innovative passenger services came to YMM in 2015: the pet therapy program. Launched on April 9, 2015, dogs with their handlers visited passengers in the arrivals hall. Visitors were allowed to pet these gentle, specially trained animals, relieving stress and making the airport experience enjoyable.



The YMM Community Investment Program continued to provide funding for community-building programs in Wood Buffalo geared to youth, aviation history and education, and the Canadian Armed Forces. This includes the YMCA, Royal Canadian Air Cadets and Royal Canadian Legion.

This year, YMM donated \$12,000 to the Wood Buffalo Food Bank Snack Attack Program, which ensures school children in Fort McMurray have healthy snacks when they come to class. Also, YMM staff, through fundraising efforts and the volunteer matching program, continued to lend a hand in building and strengthening community ties in Wood Buffalo.

Another constant was YMM's commitment to keep the terminal as a public space for all Wood Buffalo residents. The Observation Area provided an immersive educational experience on Wood Buffalo's rich aviation history. YMM's arts program continued to feature new works from local artists and from those across Canada. The terminal held its second consecutive family Halloween event, entertaining more than 200 residents with costumes, contests and treats.

## PLANS FOR 2016

YMM has started work on expanding the terminal, expanding the terminal apron for the North Terminal and extending the main runway from its current length to 2,740 metres (9,000 feet), to allow larger aircraft and cargo loads to land. Engineering company SNC-Lavalin was awarded the project contract. The architect of the new terminal, omb (office of mcfarlane biggar architects + designers), will also provide architectural services on this project.

The project is possible thanks to support from the Government of Canada and the Regional Municipality of Wood Buffalo. One third of the expansion project (\$25 million) is funded by the New Building Canada Fund – National Infrastructure Component (NBCF – NIC) and the Regional Municipality of Wood Buffalo contributed another \$25 million.

YMM continues to work with businesses through the Business Advisory Committee to encourage commercial development by promoting the seven available business parks at YMM that total more than 500 hectares (1,200 acres). As well, the committee helps YMM develop new business partnerships that can benefit the entire Wood Buffalo Region.

YMM is also working with partners in the air industry to bring more non-stop destinations to the Wood Buffalo Region. YMM is focused on bringing new domestic and U.S. destinations to the region, as well as more seasonal vacation destinations.

In these challenging times, it is comforting to know YMM has a dedicated, skilled team at the helm, which includes our Board, our staff and our partners. Through partnership and teamwork, YMM is committed to keep communities strong, in both good and bad times. More than ever, YMM continues to strive for new ways to fulfill its potential of becoming "Canada's Premier Regional Airport." We are flying together.



**Manuel Ortiz**  
Chair, FMAA Board of Directors

**Scott Clements**  
President & CEO

## OUR PASSENGERS

# THE REASON WE FLY



## THE REASON WE FLY

CONNECTING PEOPLE TO THEIR DESIRED DESTINATION IS OUR GOAL AT YMM. IN STRIVING TO BECOME “CANADA’S PREMIER REGIONAL AIRPORT,” OUR MISSION IS TO FIND OPPORTUNITIES TO FLY PEOPLE WHERE THEY WANT TO GO, WHETHER IN CANADA OR AROUND THE WORLD. THE GOAL IS CHALLENGING BUT OUR COMMITMENT TO BRING MORE DESTINATIONS TO THE WOOD BUFFALO REGION IS UNWAVERING.

“YMM connects me to the rest of Canada and the world. Those non-stop flights to Edmonton, Calgary and Toronto help get me to the places I want to go.”

## STAYING THE COURSE

In 2015, YMM served nearly 1.1 million passengers. While it is a 16 per cent decrease from 2014, YMM still remains one of the top 20 busiest airports in Canada.

In total, 1,099,663 commercial and charter passengers went through YMM, compared to 1,308,416 passengers in 2014. However, this was still the third busiest year on record.

### Currently, YMM has five non-stop domestic destinations:

- » Calgary
- » Edmonton
- » Fort Chipewyan
- » Toronto
- » Vancouver
- » Kelowna (*suspended February 2016*)

From these airport hubs, YMM passengers can connect to various destinations, including favourites such as Las Vegas, Phoenix, Maui, Cancun and the Dominican Republic.

### Airlines Operating at YMM

- » Air Canada
- » Air Canada Express
- » McMurray Aviation
- » Northwestern Air
- » WestJet
- » WestJet Encore



## A VIEW FROM ABOVE

The YMM airport terminal opened to great fanfare in June 2014, showcasing a one-of-a-kind structure that provided passengers a spacious environment bathed in natural light and filled with stimulating art and architecture. Now, YMM is about delivering exceptional customer service every day in this beautiful space.

## THE NEW AIRPORT TERMINAL: ONE YEAR LATER

To celebrate the one-year anniversary of the new terminal, YMM held a birthday celebration on June 9, 2015. Local radio stations broadcasted live in the terminal, providing a fun live music venue. Select shops and restaurants in the terminal offered discounts on meals and services as well as giveaways. Passengers flying that day were served free cupcakes and had the opportunity to enter in a draw for excellent prizes.

The terminal's unique laminated pine wood beam ceiling, triple glazed windows, terrazzo flooring and acoustic wood panels continue to receive accolades from the construction design industry. Vancouver-based architectural design firm omb (office of mcfarlane biggar architects + designers) received the 2015 North American Wood Design + Builders Award of Merit for the YMM terminal project.

## MORE PLACES TO SHOP AND DINE

YMM added more shopping and dining choices. Passengers were treated to the opening of a new Tim Hortons on October 10, 2015 while wine connoisseurs had more beverage options with the opening of the True North Wine & Liquor outlet on January 8, 2016. Earls Kitchen + Bar also expanded, adding over 38 additional seats to the dining area.

With 15 shopping and dining choices, YMM was recognized and awarded first prize for Best Food & Beverage Program for Medium/Small Airports by Airports Council International – North America on April 22, 2015. This prestigious award put YMM up against airports across North America up to 7 million passengers per year in size.

“YMM is often the first impression visitors have of the Wood Buffalo Region. Our goal is to make it a great first impression – a place that is warm and welcoming, a place to start an exciting adventure.”



## NEW FOOD COURT

YMM unveiled a renovated food court to passengers in the pre-security departures area on June 17, 2015. The refurbished food court was expanded and included more seating options, from stools at high-top counters for solo travellers to tables with comfortable seating for large groups. Many seating areas were outfitted with electrical outlets so passengers had more charging stations for their phones, tablets or laptop computers. Food court concessionaires include Burger King, Mary Brown's Famous Chicken + Taters, Subway and Tim Hortons.

Improving the space helped increase sales for all food court outlets. Operators from all four current outlets reported significant sales increase since the June re-opening. Passengers also provided YMM many positive comments regarding the improvements made to the food court space.

### YMM Concessions

- » Best Buy Express
- » Burger King
- » Earls Grab + Go
- » Earls Kitchen + Bar
- » Famoso Neapolitan Pizzeria
- » Jeckov Kanani
- » Jugo Juice
- » Mary Brown's Famous Chicken & Taters
- » Nicholby's Convenience (2 outlets)
- » Starbucks
- » Subway
- » Tim Hortons
- » True North Wine & Liquor
- » Kaikan Massage Chairs





**OBSERVATION AREA**

- » LOCATED BEFORE SECURITY SO THE GENERAL PUBLIC CAN ACCESS THE SPACE WHEN NOT TRAVELLING
- » INTERACTIVE VIDEO SCREENS SHOWCASE THE HISTORY OF AVIATION IN THE REGION
- » ART INSTALLATIONS FROM ALBERTAN ARTISTS JANE ASH POITRAS AND AMY KELLER-REMPF
- » DISPLAY CASES HOLD HISTORICAL AVIATION ARTIFACTS ON LOAN FROM THE FORT McMURRAY HISTORICAL SOCIETY, CANADA'S AVIATION HALL OF FAME AND THE ALBERTA AVIATION MUSEUM
- » FORT McMURRAY PILOTS MURAL SHOWCASING AVIATION PIONEERS OF THE REGION
- » TELESCOPES AND INTERPRETIVE READER RAILS EDUCATE VISITORS ON HOW YMM OPERATES

## OPENING OF NEW OBSERVATION AREA

YMM opened the new observation area on the third floor of the airport terminal building January 23, 2015 to give the public a chance to see the airfield in action without having to purchase an air ticket.

This captivating space, located on the top floor of the main airport terminal before security, provides a spectacular view of the runway and the airport campus. To further enhance passengers' travel experience, the observation area is outfitted with interactive pieces, including videos displays, art pieces and historical artifact displays.

## WARM WELCOMES

YMM is often the first part of the Wood Buffalo Region travellers see when they arrive. A warm welcome in a friendly, stimulating environment creates a positive first impression of the region. YMM continually finds unique, innovative ways to make people feel welcome.

### Welcoming signs

YMM added new landmarks to greet people travelling to and from the airport. A trident of light towers stands at the roundabout located on the Saline Creek Parkway, glowing after sunset with the colours of the aurora borealis that naturally illuminate the nighttime skies over the Wood Buffalo Region. On Snowbird Way, nine-metre (30-foot) welcome signs provide landmarks for travellers coming to and from the airport.

### Pet Therapy program

On April 9, 2015, YMM launched a pet therapy program in partnership with PAWS for People. Three dog and handler teams visited passengers in the first floor arrivals hall in the terminal. Visitors could pet the dogs, who were specially trained for therapeutic purposes. YMM was the second airport in Alberta, and fourth in Canada, to offer pet therapy services to its passengers.

PAWS for People has been active in Fort McMurray since 2002, providing pet visitation services for a number of venues. The group receives funding from the United Way and operates under the umbrella of the Canadian Mental Health Association.

## MAKING IT EASIER TO GET AROUND

The terminal is designed to be easy for anyone to get around as the entire terminal is outfitted with barrier-free features, including:

- » Automatic doors, ramps and lifts
- » Drop-off stalls for wheelchairs on the departures level
- » Accessible parking services in the short-term parking area for vehicles displaying a disabled licence plate, veterans licence plate or disabled parking placard
- » Barrier-free washrooms with large stalls and basins
- » Barrier-free areas in the food court and seating areas



## FUN FOR KIDS

YMM serves a community with many young families. The terminal has services for infants and young children to ensure people of all ages enjoy a great airport experience.

### YMM offers many fun activities for children, including:

- » Interactive observation area and exhibits
- » Free activity books provided by the Airport Information Centre
- » Free Wi-Fi for video games and movies
- » Children's play area in the north departures passenger lounge

### The terminal provides services for infants and young children. Some of these services are:

- » Infant changing stations and low counters for children in all washrooms
- » Selection of diapers, child medicine, child-sized ear plugs and other products at Nicholby's Convenience Stores on either side of security
- » A large family washroom in the arrivals hall

As well, YMM welcomes breastfeeding throughout the terminal.

## PASSENGER COMFORTS

YMM is committed to providing first-class services from the time passengers plan their trip from home to when they board their flight. Passengers can access a wide selection of services to get the most out of their airport experience.

### Passenger Services

- » Airport Information Centre
- » Free luggage carts
- » Barrier-free access for persons with disabilities
- » \$US currency at ATMs
- » Lost and found services
- » Large south-facing courtyard providing outdoor landscaped area for passengers

### Transit & Parking Services

- » Transit service
- » Taxi and limo services
- » Powered parking stalls

### Digital Services

- » An interactive and easy to use YMM website
- » Free high-speed Wi-Fi Internet
- » Social media streams including Twitter, Facebook and Instagram
- » Electrical and USB outlets in every seat in the passenger lounge

### Family and Children's Services

- » Children's play area
- » Interactive airfield observation area
- » Family washroom with infant changing stations
- » Pet relief area (located in the courtyard)



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I travel with my husband and two children. The experience of flying is now more enjoyable with the variety of food outlets, shopping and other services available at the airport.

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YMM has six major car rental brands as well as taxi/limo services and public transit for getting passengers to and from the airport.

Chateau Nova has first-class accommodations close to the terminal for passengers seeking overnight stays near the airport. Plans are also underway to build a hotel that would connect directly with the terminal.

## YULETIDE CHEER

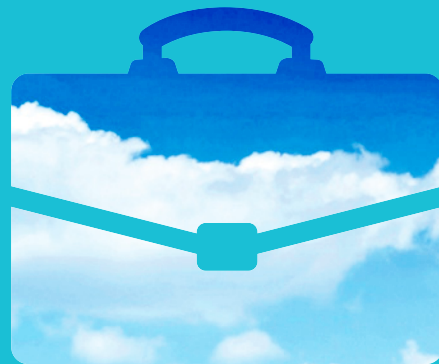
The holiday season around Christmas time is one the busiest times at the airport, but it also brings opportunity to celebrate good tidings and cheer of the season.

YMM created a festive mood for passengers by decorating the passenger lounges with Christmas trees and decorations and setting up trees in the arrivals hall. The airport's music program Live @YMM packed the holiday schedule with musical performances from local musicians, choirs and school music groups.

Passengers also enjoyed holiday deals from select restaurants and shops while airlines offered special holiday getaway packages.



# NEW COURSES, NEW COURSES, NEW COURSES, NEW LANDINGS



## NEW COURSES, NEW LANDINGS

YMM IS A MAJOR ECONOMIC GENERATOR IN THE WOOD BUFFALO REGION. IT EMPLOYS DIRECTLY AND INDIRECTLY AROUND 1,700 PEOPLE LOCALLY, AND HAS A POSITIVE IMPACT ON THE REGION'S OVERALL GDP AND ECONOMIC OUTPUT. YMM CONTINUES TO EXPAND ITS FACILITIES AND SERVICES TO BETTER MEET PROJECTED LONG-TERM INCREASES IN AIR TRAFFIC.

YMM continues to foster current and new business partnerships in the Wood Buffalo Region. These partnerships include major airlines, shopping and dining, workforce charter carriers, air cargo, general and corporate aviation services and commercial development.

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YMM listens to the community. Through partnerships such as the Business Advisory Committee, YMM is aware of the community's business and service needs and creates programs that best serve them. YMM is committed not just to be a great airport, but an important part of this region's economy.

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### EXPANSION

YMM commenced the \$75-million expansion project, which includes expanding the terminal, expanding the terminal apron for the North Terminal, and extending the main runway from 2,287 metres to 2,740 metres (7,500 feet to 9,000 feet). One third of the expansion project (\$25 million) is funded by the Government of Canada through the New Building Canada Fund – National Infrastructure Component (NBCF – NIC). The Regional Municipality of Wood Buffalo contributed another third (\$25 million) to the project. Engineering company SNC-Lavalin was awarded the project contract.

Vancouver-based architect studio omb (office of mcfarlane biggar architects + designers) received the North American Wood Design & Building Award of Merit for their design of the Fort McMurray International Airport. The award program was created by the Canadian Wood Council and implemented through their Wood Design & Building magazine. It is the only award in North America to recognize and publicize excellence in wood architecture. Out of 140 submissions, omb's work on the terminal was one of 13 projects selected.

## MERCHANTS' ASSOCIATION

Many of YMM's current shopping and dining choices were cultivated through business partnerships in its Merchants' Association program. The Association gathers managers from all of the airport's concessions program together on a bi-monthly basis to create programs that deliver an enjoyable passenger experience at YMM while helping the airport realize its full revenue potential.



### Festival of Trees

During the last quarter of 2015, the Merchants' Association submitted a tree for entry in the Northern Lights Health Foundation (NLHF) Festival of Trees. The entry showcased the concessions program at YMM and helped contribute to the NLHF's work in the community. The tree raised \$10,000 for the health foundation.

### Promotions

YMM dedicates a large part of its communications activities to promoting concessions. These promotions include product or menu offerings, coupons and special deal promotions. Many of these are featured on [www.FlyYMM.com](http://www.FlyYMM.com), YMM's Facebook and Twitter accounts, and YMM's newsletter Aurora InFlight, which has over 1,500 copies in circulation.

### Tim Hortons Opens

The newest Tim Hortons location in Fort McMurray opened at YMM on October 1, 2015. Tim Hortons is part of the refurbished food court on the second-level departures area before security, allowing the general public access as well as travellers. Tim Hortons iconic menu of coffee, donuts and food offer travellers comforting familiarity as they leave or return to the Wood Buffalo Region.

### True North Wine & Liquor Opens

True North Wine & Liquor opened on the departures level on January 8, 2016, joining YMM's award-winning food and beverage program. The store provides travellers premium liquor, wine, beer and accessories. The outlet is before security, allowing the general public to access it regardless if they are travelling or not.

### Jeckov Kanani Kiosk Opens

Jeckov Kanani Men's Platinum Collection opened a new kiosk on October 2, 2015 on the first level of the terminal. Jeckov offers a custom mix of skin care and shaving products designed exclusively for men. YMM continues working with local, national and international retailers in expanding retail kiosks in the terminal.

### Shop, Dine & Dash Program

The Shop, Dine & Dash program is a comprehensive incentive program that provides customers with free parking at the Main Terminal if they spend \$10 or more at any of the pre-security concessions. The advertising campaign for this program includes placements through the Pattison advertisements in the Main Terminal as well as placements at MacDonald Island Park, Your McMurray Magazine, Landmark Cinemas and the Casman Center.

“YMM's Shop, Dine & Dash program was one of our big successes for 2015. As vendors, we provide good meals or snacks and great shopping for people on the go. Because of it, many passengers picked Shop, Dine & Dash as one of their top favourite services at YMM.”



The campaign yielded strong sales for concessionaires, with 11,721 residents taking advantage of the wide array of dining and shopping options at YMM in 2015.

### 'Never Travel Hungry' Campaign

The 'Never Travel Hungry' campaign launched alongside the opening of the newly renovated food court. The campaign message was to remind travellers they can purchase food items and take them through security and on the airplane. The campaign helped grow pre-security concessionaires and awareness of the food, beverage and retail choices available when travelling.

## AIR CARGO

YMM's air cargo facilities are crucial links in the supply chain and logistics for economic activity in the Wood Buffalo Region. Half of all air cargo is handled by cargo flights while Air Canada and WestJet carry the remainder on scheduled passenger flights.

Future air cargo plans include a new third-party air cargo building with an expanded apron east of the North Terminal. The planned facility will concentrate cargo operations in one area and accommodate larger freight aircraft.

### Workforce Charters

The airport hosts over 25 workforce charter carriers, with several fix-base operations for aircraft handling, refuelling and executive flight lounges.

#### Work Charter Carriers

- » Air Georgian Limited
- » Air North Charter
- » Air Tindi
- » Airco Aircraft Charters
- » Bar Xh Air (Integra)
- » Bearskin Lake Air Services
- » Canadian North
- » Central Mountain Air
- » Flair Airlines
- » Jazz Charter
- » Morningstar Partners
- » North Cariboo Air
- » Northern Air Charter
- » Pentastar Air
- » Perimeter Aviation
- » Regional 1 Airlines
- » Skyservice Business Aviation
- » Suncor
- » Sunwest Aviation
- » Syncrude

## COMMERCIAL LAND

Airports in recent years have broadened their land use beyond core aeronautical infrastructure and services through partnerships with local, regional, national and international businesses and commercial developers. In particular, YMM has 1,267 acres (512 hectares) of land available for prime commercial development that is divided into seven commercial parks:

- » Golden Hawk Aviation Park
- » Golden Hawk Commercial Park
- » Snow Eagle Aviation Park
- » Snow Eagle Commercial Park East
- » Snow Eagle Commercial Park West
- » Snowbird Prestige Aviation Park
- » Snowbird Commercial Park

Developed commercial land creates new forms of revenue for YMM to offset operational costs instead of increasing user fees. It also provides needed real estate for growing businesses in the Wood Buffalo Region.

Some of the proposed uses for land include:

- » Apartments
- » Car rental facilities
- » Car wash
- » Distribution centres
- » Food and beverage
- » Gas station
- » Hotel
- » Light manufacturing
- » Offices
- » Outdoor storage
- » Public utilities
- » Retail sales
- » Transportation services and facilities
- » Warehouses

## AVIATION SERVICES

There are 10 essential aviation services offered at YMM, including avionics, aircraft maintenance and air ambulance services.

### Aviation Services

- » Air ambulance services
- » Aircraft maintenance
- » Avionics
- » Charter services
- » Corporate services
- » Flight schools and training
- » Helicopter activity
- » Private and recreational flying
- » Private charters
- » Search and rescue

Over the next 10 years, YMM plans to concentrate general aviation activities into three areas:

- » North field area within Snow Eagle West Commercial Park
- » South field east area within Golden Hawk Aviation Park
- » South field west area within Snowbird Commercial Park



## AIR SUPPORT FACILITIES

YMM also has plans to upgrade many other airport facilities. This includes:

- » Adding a new fuelling station at Golden Hawk Commercial Park
- » Building a new control tower south of the existing runway and east of the terminal

## BUSINESS ADVISORY COMMITTEE

YMM works closely with the Wood Buffalo business community through its Business Advisory Committee. The Committee includes 22 local business leaders that provide YMM direction on air service and airport improvements that will benefit the region economically. The Committee was instrumental in collecting information and feedback from the Wood Buffalo Region and seeing to it that specific passenger service needs were addressed during YMM's expansion and ongoing operations.



PEOPLE

# OUR FLIGHT TEAM



## OUR FLIGHT TEAM

BEING PART OF TEAM YMM IS LIKE BEING PART OF A FLIGHT TEAM. EACH PILOT DEPENDS ON THE OTHER FOR THEIR SAFETY AND ENSURING THEY MAKE IT HOME. IN THESE CHALLENGING TIMES, WORKING TOGETHER BECOMES EVEN MORE IMPORTANT. TOGETHER, YMM CAN FULFILL ITS VISION OF BEING “CANADA’S PREMIER REGIONAL AIRPORT.”

“  
We’re not only committed to giving people exceptional airport service, we’re committed to building this community through volunteering, public events and philanthropy.  
”

### NEW PARTNERSHIPS

YMM employs over 50 employees to operate the Main Terminal, North Terminal and other passenger, cargo, groundside and airside services. It also shares workspace with partnering businesses and organizations, including concessions, airlines, Canadian Air Transport Security Authority, Canada Border Services Agency, aviation services, air cargo, workforce charter and corporate carriers, and non-aeronautical services.

In 2015, YMM created new business partnerships. It entered into partnership with TAWS Security and Bill’s General Cleaning for security and custodial contracts.

### KEEPING WELL, STAYING SAFE

YMM is committed to creating a safe, well-managed workplace that encourages and rewards innovation and creative customer service practices.

The plan to achieve this depends on the following:

- » Clear job descriptions and performance expectations
- » Extensive employee training
- » New leader recruitment and succession planning
- » Widespread employee participation in organizational planning



“  
 At YMM, our number one priority is always the safety and security of everyone who uses the airport. We continue to strive to help all YMM employees be safety leaders.



An environmental health and safety strategy and wellness program ensures employee health and wellness needs are met in the following areas:

- » Illness prevention
- » Stress management
- » Exercise and healthy living
- » Overall well-being

The positive employment brand offers:

- » Stimulating work
- » Workplace rewards
- » Training and development
- » Corporate social responsibility and ethics
- » Opportunities to advance

## CANADIAN AIRPORTS SAFETY WEEK

On August 24–30, 2015, YMM hosted the first-ever Airport Safety Week in participation with 23 other airports across Canada. The initiative promoted healthy and safe work practices among airport employees in accordance with YMM’s environmental health and safety strategy and wellness program.

Each day of the week was dedicated to discussing topics regarding safe workplace strategies. Topics included hazard reporting, worker safety, security, airside vehicle operations, construction safety and security, and environment, as well keeping open a day where employees can bring forth their own unique health and safety concerns and solutions.

## YMM FLU CLINIC

YMM partnered with Alberta Health Service’s Public Health team to offer a free flu clinic to all passengers and employees travelling through YMM on Friday, November 13, 2015. The flu clinic underscored YMM’s acknowledgement of airports playing crucial gatekeeper roles in public health. YMM is committed to ensuring airports safeguard public health and safety.



COMMUNITY

# HOME IS WHERE THE HEART IS



## WHEREVER YOU FLY, HOME IS WHERE THE HEART IS

AS WONDERFUL AS IT IS TO TRAVEL, IT FEELS GREAT TO COME HOME. HOME IS THE PLACE THAT DEFINES OUR IDENTITY AND PURPOSE. HOME IS OUR PAST, PRESENT AND FUTURE. HOME IS SOMETHING WE BUILD AND KEEP ON BUILDING. THE WOOD BUFFALO REGION IS HOME TO YMM, WHICH IS WHY WE CONTINUALLY GIVE BACK TO IT AND PARTNER WITH OTHER COMMUNITY MEMBERS TO ENSURE THIS COMMUNITY REALIZES ITS FULL POTENTIAL.

“

We applaud YMM's efforts to make the Wood Buffalo Region a great home for everyone. It's an organization that invests in this community's future through its youth. At the same time, it has been building recognition and respect for the pioneering work of Canada's early aviators and the tremendous service and sacrifice from the men and women of Canada's military. We're thankful for and continue to back YMM's activities to make this region a great place to live and grow.

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### INVESTING IN THE COMMUNITY'S FUTURE

YMM's Community Investment Program (CIP) continues its mission to support organizations that build communities and help those in need.

The Community Investment Program focuses on three core areas:

- » Youth – programs that open up new educational opportunities for youth
- » Aviation Education and History – programs that preserve and educate people on Wood Buffalo's rich aviation history
- » Canada's Military – programs that support the men and women who serve in the Canadian Armed Forces

Information on the program with a corresponding downloadable application form is posted on [www.flyymm.ca/about-ymm/community](http://www.flyymm.ca/about-ymm/community).

### CORE PROGRAMS

YMM's core programs for CIP – youth, aviation education and history, Canada's military – represent YMM's ongoing investments in the community. These core partnerships include:

- » 868 YMM Rotary Northstar Royal Canadian Air Cadets Squadron
- » Fort McMurray Heritage Society
- » Royal Canadian Legion McMurray Branch 165
- » Wood Buffalo Food Bank Association
- » YMCA Wood Buffalo

YMM's CIP regularly provides funding to these programs, with \$52,000 in donations for 2015 distributed among these important organizations.

## MAJOR DONATIONS

YMM donated \$10,000 to the 868 Air Cadets Squadron which provides funding for their program as well as provides two post-secondary scholarships for graduating cadets.

YMM is involved with the Fort McMurray Heritage Society and donated \$10,000. The agreement with the Heritage Society will see the development of aviation displays and the restoration of the Wop May house located at Heritage Park. The displays and house will tell the story of aviation in Northern Alberta and how flight helped shape the community we live in. This project will take shape alongside the comprehensive redevelopment of Heritage Park.

YMM donated \$12,000 to the Wood Buffalo Food Bank Snack Attack Program on October 2, 2015, which provides healthy snacks for schoolchildren in the urban schools of Fort McMurray in accordance with nutritional guidelines set by Alberta Health Services.

YMM supported the new cenotaph and memorial for the Royal Canadian Legion McMurray Branch with a \$10,000 donation. The new area was designed with input from Communities in Bloom.

YMM contributed \$10,000 to the YMCA of Wood Buffalo's Youth Leadership Program. These funds are used to aid in funding two trips to Camp Warwa Society. These camping trips offer youth the opportunity develop positive, sustained relationships with adult role models, self-confidence and a sense of belonging.

YMM also donated \$5,000 to the 2803 Fort McMurray Royal Canadian Army Cadet Corps. The funding supported the Army Cadets' trip to Europe to commemorate the 70<sup>th</sup> anniversary of Victory in Europe (VE) Day on May 8, 2015. The Army Cadets from Fort McMurray joined Canadian teachers, students, other cadets and veterans on an educational tour of historic sites and battlefields on the day that marked the ending of World War II in Europe.

On May 12, 2015, YMM launched its new aviation-themed coin collector near the Canadian Air Transport Security Authority passenger screening area. The coin collector made it easy for passengers to donate their spare coins and dollar bills to local community groups through YMM's Community Investment Program (CIP).

## TOUR PROGRAM

YMM hosts a tour program for schoolchildren in Fort McMurray as well youth programs. In 2015, YMM hosted 10 tours, including one for eight children with special needs from Composite High School Life Skills class. The tour program includes the main terminal with an emphasis on the public observation area.



“Our employees donate thousands of hours in the community on their own and through our employee volunteer matching program.”



## WESTERN CANADA SUMMER GAMES 2015 WOOD BUFFALO

The Regional Municipality of Wood Buffalo hosted the Western Canada Summer Games 2015 Wood Buffalo in August 2015. Over 14,000 athletes, their families, trainers, supporters and other guests attended the nine-day multi-sport event to advance their skills in a competitive, but friendly environment.

YMM has helped the Western Canada Summer Games 2015 Wood Buffalo organization prepare for the Games and signed on as one of the Games' Platinum Sponsors in February 2015. YMM directly donated \$59,000 and contributed \$740,800 in in-kind donations through use of the terminal and advertising.

As YMM was the first to greet the athletes when they arrived to the Wood Buffalo Region, management and staff made sure they were given the red carpet treatment. The terminal and North Terminal were decorated with flags and Games branding, and visitors were encouraged to check out the airport's shops and restaurants, interactive observation area and heritage exhibits.

## FAMILY CELEBRATIONS

YMM opened its terminal to the public for a Halloween party for a second consecutive year.

The terminal hosted its Halloween party for over 200 guests. Many attendees participated in a costume contest as well as a pumpkin-carving contest, costume photo opportunities and trick-or-treating.

Many airport partners offered up to \$100 in coupons to be used at stores in the terminal and donated many gift certificates, gift baskets and candy bags as prizes for contest winners. WestJet won the pumpkin-carving contest with their 'Frozen' themed pumpkin, as decided by the public. Their prize of \$500 was donated to the Fort McMurray SPCA on their behalf.

## HELPING HANDS

YMM employees donate their time and skills to a wide range of community programs thanks to the YMM employee volunteer matching program. Many staff donated their time and expertise in August to the Western Canada Summer Games 2015.

YMM staff and their partners through Team YMM continue to be big supporters of the Wood Buffalo Food Bank, and have raised \$3,662 in cash and collected 400 lbs of non-perishable food at the 2015 YMM Christmas Party. YMM's legal counsel Ogilvie LLP also donated \$1,000 to the food bank.



## HISTORY COMES ALIVE

Art in a public space gives people a strong sense of place. YMM's iconic arts program shows the passion and energy of the Wood Buffalo Region, thanks to works by local artists and those in Western Canada.

Recently, YMM expanded the public arts program with new pieces in the terminal:

- » Lucas Seaward, Fort McMurray – *Lasting Impression*
- » Jane Ash Poitras, Fort Chipewyan – *Utopia Series*
- » Amy Keller-Rempp, Fort McMurray – *Sky Dance Series*

In addition to the artwork, YMM developed the Aviation Heritage and Education program, showcasing northern Alberta's rich aviation history to visitors and residents of Wood Buffalo region.

The interactive exhibits were developed by StudioOne Architecture. Many of the exhibits and artifacts are on rotation through the Fort McMurray Heritage Society, Canada's Aviation Museum and the Alberta Aviation Museum.

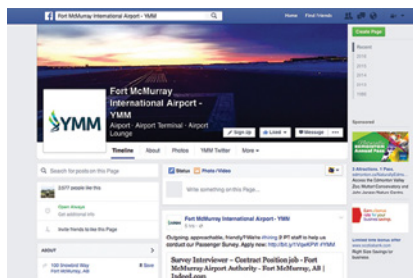
Some of these features include:

- » Wall of Fort McMurray Pilots – a mural of pioneer pilots in the Wood Buffalo region
- » Historical Aviation Artifacts – rotating exhibits featuring equipment and heirlooms from Alberta's aviation pioneers
- » Aviation Education – interactive video screens that showcase northern Alberta's aviation history

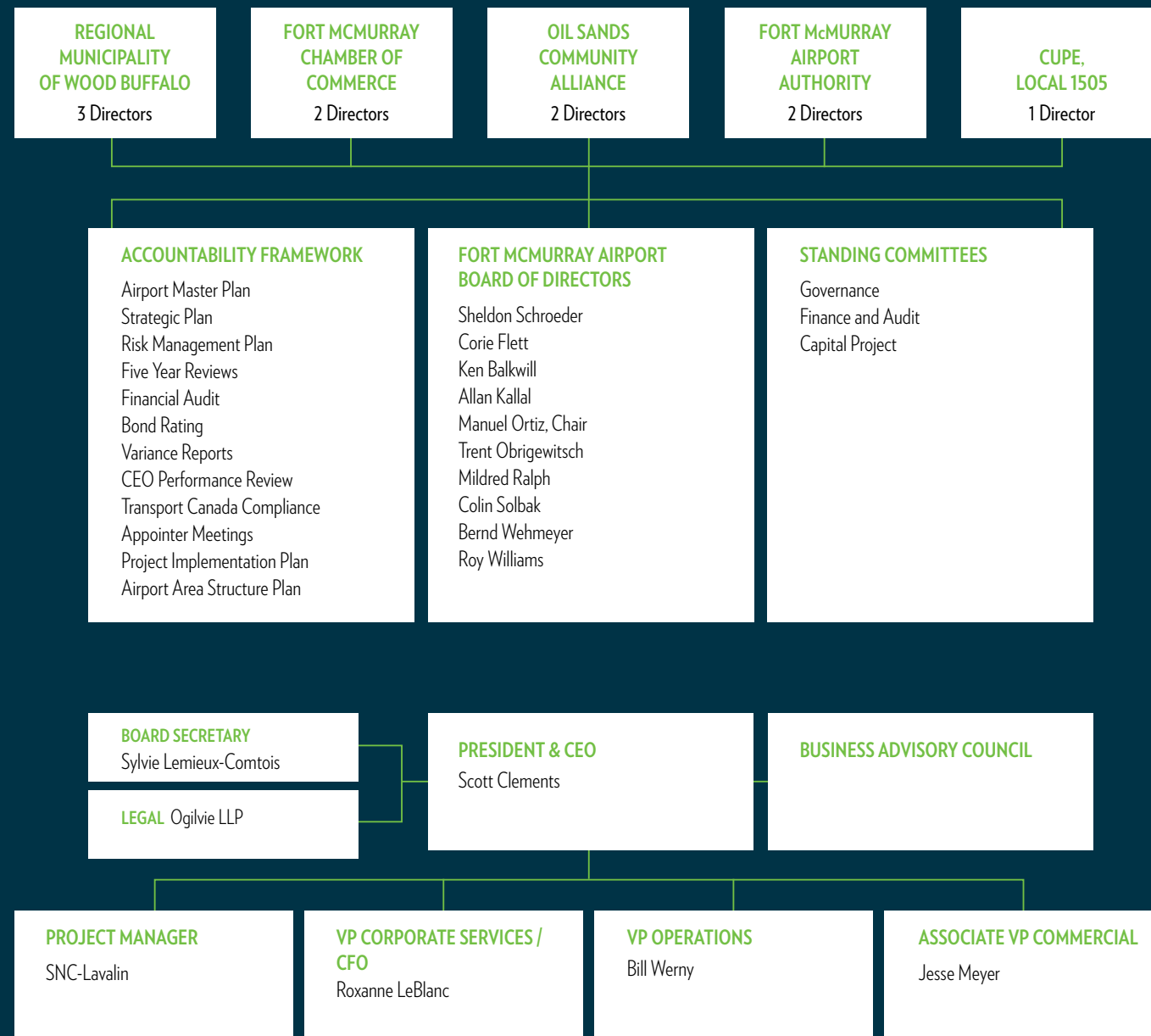
## STAYING CONNECTED

YMM stays in conversation with passengers online through [www.FlyYMM.com](http://www.FlyYMM.com), the Fort McMurray International Airport – YMM Facebook page and its Twitter account (@flyymm). YMM uses digital communications to promote the concessions program by posting store hours, advertising special offers and coupons, posting job openings and providing links to view a restaurant menu or see new product offerings.

The website has features to help passengers plan their trips, including flight schedules and travel advisories. Social media offers opportunities for passenger to look up new product offerings, coupons and special deal promotions, and engage with concessionaires.



# GOVERNANCE & ACCOUNTABILITY



# BOARD OF DIRECTORS



## BOARD OF DIRECTORS & SENIOR MANAGEMENT

### TOP ROW (FROM LEFT TO RIGHT):

**Bernd Wehmeyer** Appointed by: Regional Municipality of Wood Buffalo, **Allan Kallal** Appointed by: Regional Municipality of Wood Buffalo, **Sheldon Schroeder** Appointed by: Canadian Association of Petroleum Producers, **Manuel Ortiz** (Board Chair) Appointed by: Canadian Association of Petroleum Producers, **Colin Solbak** Appointed by: Fort McMurray Chamber of Commerce, **Jesse Meyer** Associate Vice President, Commercial

### BOTTOM ROW (FROM LEFT TO RIGHT):

**Roxanne LeBlanc** Vice President, Corporate Services and Chief Financial Officer, **Scott Clements** President & Chief Executive Officer, **Trent Obrigewitsch** Appointed by: Regional Municipality of Wood Buffalo, **Corie Flett** Appointed by: Fort McMurray Airport Authority, **Mildred Ralph** Appointed by: Fort McMurray Chamber of Commerce, **Ken Balkwill** Appointed by: CUPE, Local 1505, **Roy Williams** Appointed by: Fort McMurray Airport Authority, **Bill Werny** Vice President, Operations

## MANAGEMENT TEAM

**Scott Clements**  
President & Chief Executive Officer

**Bill Werny**  
Vice President, Operations

**Roxanne LeBlanc**  
Vice President, Corporate Services and CFO

**Jesse Meyer**  
Associate Vice President, Commercial

**Bruce Ehmann**  
Manager, Security and Terminal Operations

**Lanner Khan**  
Manager, Facilities

**Mike MacNeil**  
Manager, Airfield Maintenance

**Fazle Quasha**  
Manager, Information Technology



FORT McMURRAY AIRPORT AUTHORITY

# MANAGEMENT DISCUSSION & ANALYSIS

FOR THE  
YEAR ENDED  
DECEMBER 31, 2015

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## STATEMENT OF MANAGEMENT ACCOUNTABILITY

### Passenger traffic activity

The audited financial statements of the Fort McMurray Airport Authority ("the Authority") for the year ended December 31, 2015 have been prepared by management and approved by the Board of Directors of the Fort McMurray Authority.

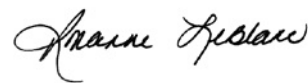
Management is responsible for the preparation and representations contained in these financial statements and other sections of this annual report. The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. An audit committee comprised wholly of directors who are neither officers nor employees of the Airport Authority review the financial statements, the adequacy of internal controls, the audit process and financial reporting with management and external auditors. The audit committee reports to the board of Directors prior to the approval of the audited financial statements.

Fort McMurray Airport Authority, maintains appropriate systems of internal control, policies and procedures which provide management with reasonable assurance that assets are safeguarded and that financial records are reliable and form a proper basis for the preparation of financial statements.

Fort McMurray Airport Authority, independent auditors, Deloitte, have been appointed by the Board of Directors to express their professional opinion on the fairness of these consolidated financial statements.



Scott Clements  
President & Chief Executive Officer



Roxanne LeBlanc  
Vice President Corporate Services and Chief Financial Officer

## INTRODUCTION

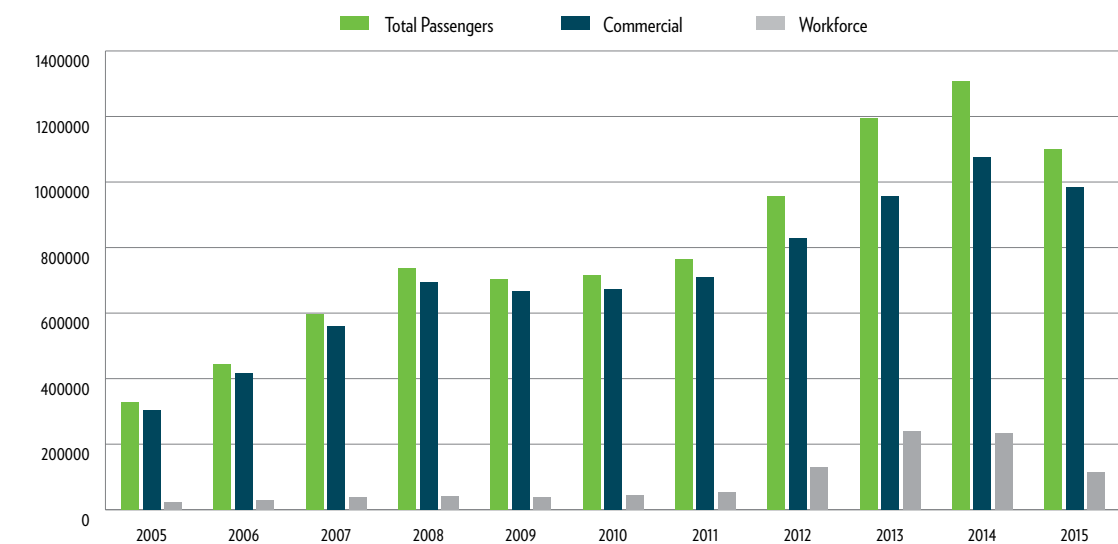
This Management Discussion and Analysis complements and enhances the audited consolidated financial statements of Fort McMurray Airport Authority ("FMAA") for the year ended December 31, 2015. It is delivered to explain management's view of the environment and events of the information contained in the financial statements and assists in understanding how the current events are expected to affect the business of FMAA moving forward. This MD&A should be read in conjunction with the financial statements.

## PERFORMANCE HIGHLIGHTS

### Passenger Traffic

A key driver of the overall financial performance of FMAA is passenger volumes as they directly drive revenues in the form of AIF and also support aircraft activity that fuels aeronautical revenues. Passenger volumes also support non-aeronautical revenues including parking, car rentals and concessions. This year passenger traffic was punctuated by declining oil prices. Currently, airlines have been reaping the benefits of lower fuel prices, but the crude downturn had an adverse effect on passenger volumes across Western Canada. Traditionally, a large portion of Fort McMurray Airport traffic has been tied to oil workers commuting to and from site from elsewhere in the country. With projects on hold, these volumes have declined. Air carriers are shuffling around schedules to reflect lower demand for flights to and from energy-focused destinations in Western Canada.

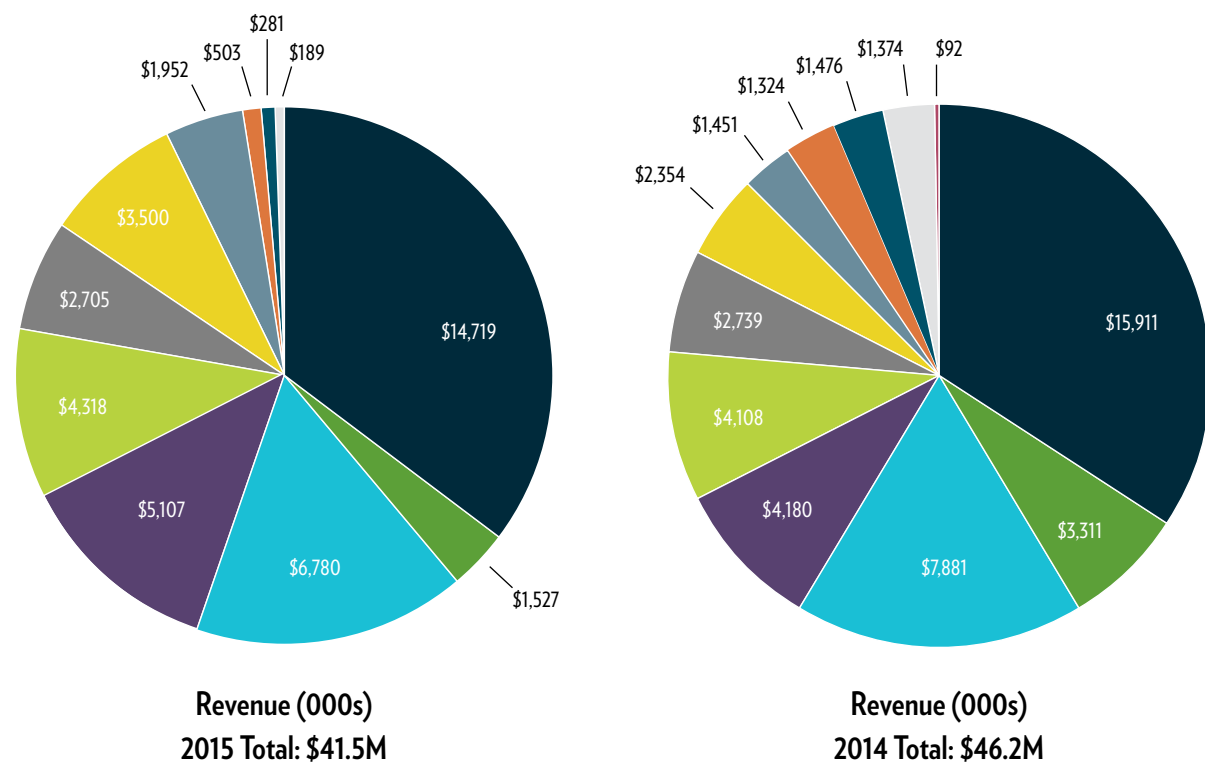
At YMM, the economic downturn was reflected in commercial passenger traffic declining by 90,807 (8.4%) over 2014 and Charter passenger traffic declining by 117,946 (50.7%) over 2014. Overall, a passenger decrease of 208,753 passengers (16%) was recorded in comparison with 2014.



## FINANCIAL PERFORMANCE TOTAL REVENUE

Total revenue summed \$41.5 million in 2015, which denotes a decrease of \$4.7 million or 10% over 2014.

Airport Improvement Fee ("AIF") revenue, decreased 7.5% over 2014 and Airport Improvement Fee Equivalent ("AIFE"), decreased 53.9% over 2014, a reflection of the decline in charter passenger traffic. Airport Improvement Fees are \$30 per enplaned passenger, less a 7% handling fee paid to the passenger airlines.

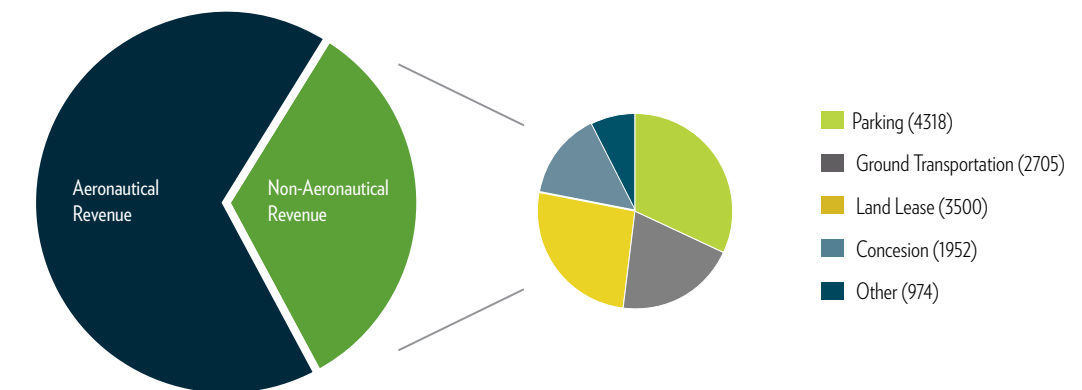


- Airport Improvement Fee
- Airport Improvement Fee - Equivalent
- Other Airfield Revenue
- Terminal Revenue
- Parking Revenue
- Ground Transportation
- Land Lease Revenue
- Concession Revenue
- Interest Income
- Other Revenue
- Government Grants
- Special Events

## AERONAUTICAL REVENUE, NON-AERONAUTICAL REVENUE

FMAA earns revenue from aeronautical revenues from aircraft landings, various terminal fees and passenger processing fees. Non-aeronautical revenues are comprised of commercial operations, such as parking, concessions, ground transportation and real estate. These revenues are a key contributor to FMAA revenue stream.

Groundside revenue of \$7 million increased from \$6.8 million in 2014, an increase of 2.6%. Car parking is the largest component in this revenue category with the 2015 revenue being \$4.3 million – up 5% over 2014.

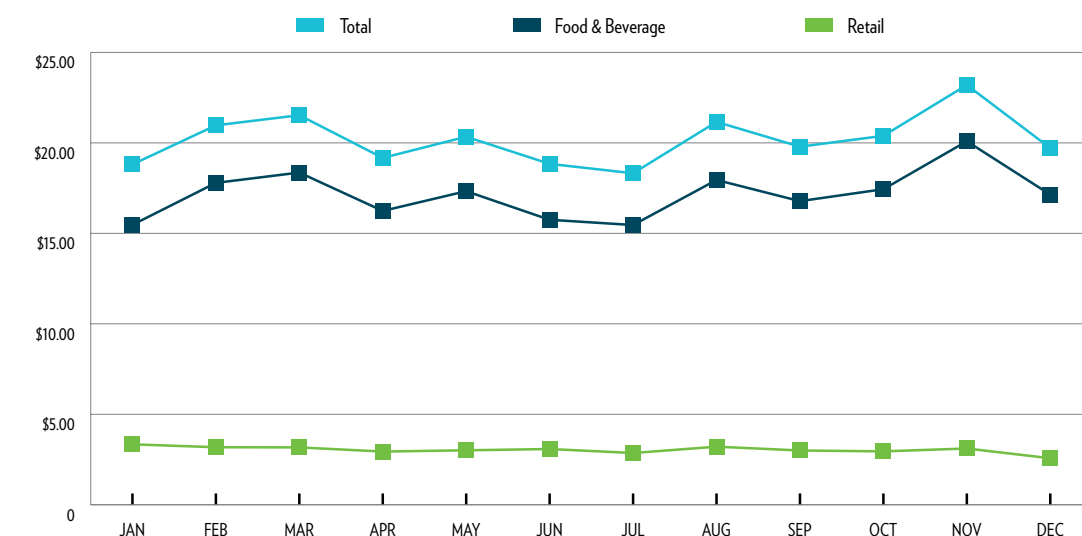


During 2015, revenue from leasing was \$3.4 million in 2015, an increase of \$1.1 million over 2014's revenue of \$2.3 million or 48.7%. Land leases positively impacted overall real estate revenue.

Concessions revenue grew in 2015 by 34.5% totaling \$1.9 million, compared to 1.4 million 2014. Within this revenue category, concession revenues from restaurants achieved well with growth while retailers had less robust sales. The overall concession program was the recipient of the Airports Council International – North America (ACI-NA) award for the Best Food & Beverage Program – Medium/Small Airport.

Other revenue decreased by \$1.2 million compared to 2014. This is a result of the sponsorships received for the opening of the New Terminal in June 2014.

### 2015 Non-Aeronautical Revenue Per Enplaned Passenger at YMM by Month

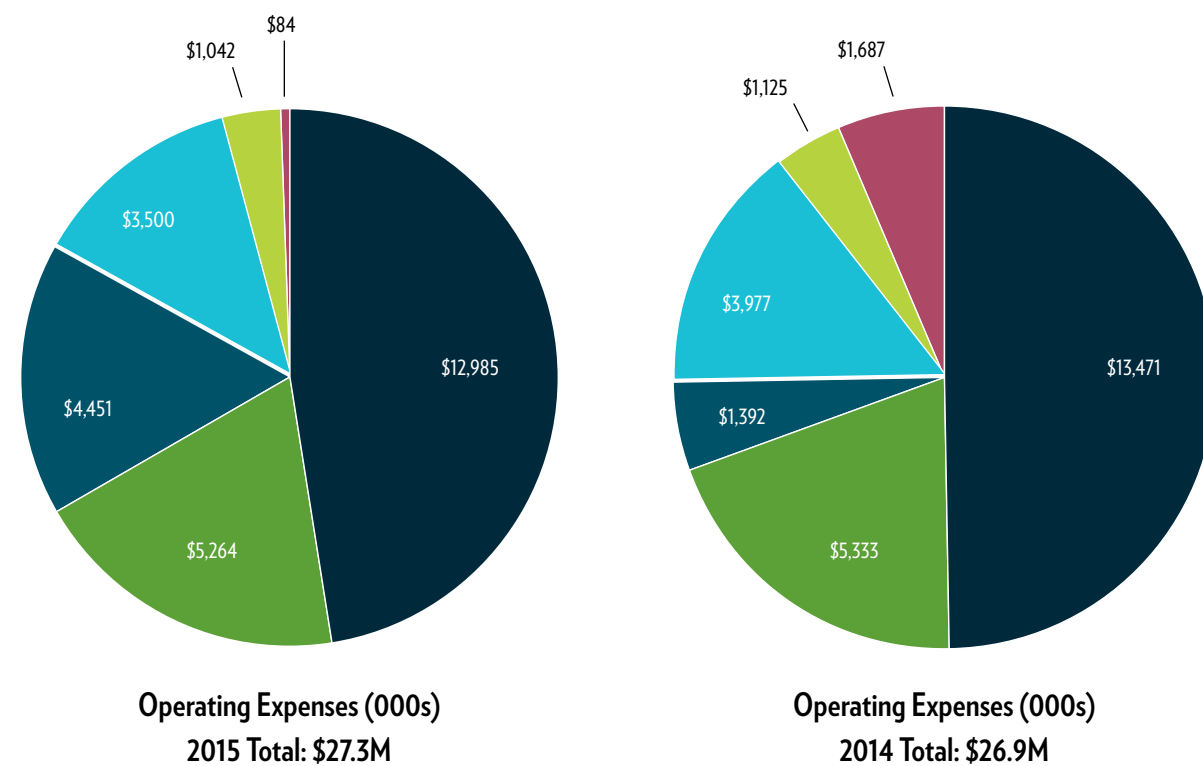


## OPERATING EXPENSES

Total operating expenses increased by \$340,626 compared to 2014, or 1.26 %, for a total of \$27.1 million. Operating expenses are comprised of the costs to operate and maintain the Airport excluding depreciation of property and equipment.

Salaries and benefits are the major components of the operating expenses totaling \$12.9 million in 2015: a decrease of \$486,637 or (-3.6%) compared to 2014. A collective agreement with the Authority’s unionized workforce contains provisions for wage increase of 3.0% annually. This agreement expires in March 2017.

Contracted services include security, custodial and groundside services: an increase of \$3 million in 2015 compared to 2014.



- Salaries & Wages
- General & Administrative
- Contracted Services
- Operating
- Airport Improvement Fee Handling
- Special Events

## CAPITAL INVESTMENT

Capital program expenditures in 2015 totaled \$11.6 million, \$44.7 million in 2014. 2015 expenditures were primarily related to equipment acquisitions for both airside operations, and the New Terminal Building.

	\$
<b>CAPITAL INVESTMENT</b>	
New main airport terminal building	8,676,712
<b>SUSTAINING MAINTENANCE CAPITAL</b>	
Mobile Equipment	1,998,717
Light Vehicles	26,250
Airside	162,003
Building and Plant	97,923
Computer Hardware / Software and Furniture	321,038
Terminal Expansion Projects	339,018
<b>Total Sustaining Capital</b>	<b>2,944,950</b>
<b>Total Capital Investment</b>	<b>11,621,662</b>

## RISKS AND UNCERTAINTIES

Historically, air traffic has more or less tracked economic conditions—increasing during periods of economic growth and declining during recessions. Both the overall volume of traffic and the mix of traffic at an airport are subject to risk and uncertainty. Airlines’ decisions to start, expand, or remove service have major implications for an airport. Forecasting activity levels is an essential step in airport planning and financing.



FORT McMURRAY AIRPORT AUTHORITY

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
DECEMBER 31, 2015



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 Canada

Tel: 780-421-3611  
 Fax: 780-421-3782  
 www.deloitte.ca

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Fort McMurray Airport Authority

We have audited the accompanying financial statements of Fort McMurray Airport Authority, which comprise the statement of financial position as at December 31, 2015, and the statements of operations and net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fort McMurray Airport Authority as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Chartered Accountants

April 22, 2016

## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015

	2015	2014
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	11,856,583	6,097,049
Accounts receivable	3,440,476	6,260,207
Inventory	307,129	178,498
Prepaid expenses	303,283	259,579
	15,907,471	12,795,333
<b>NON-CURRENT</b>		
Tangible capital assets (note 3)	322,404,543	328,557,996
Intangible assets (note 4)	280,525	34,993
Investments and restricted cash (note 5)	37,383,311	52,412,807
	375,975,850	393,801,129
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	7,569,579	9,522,671
Deferred revenue	2,254,677	1,695,461
Current portion of long-term debt (note 6)	4,018,511	3,835,384
	13,842,767	15,053,516
<b>NON-CURRENT</b>		
Long-term debt (note 6)	188,294,463	192,312,974
Deferred capital contributions (note 8)	24,000,000	24,000,000
Unamortized capital contributions (note 8)	3,095,105	3,175,497
	229,232,335	234,541,987
Contingencies (note 15)		
Contractual obligation (note 16)		
<b>NET ASSETS</b>		
Unrestricted net assets	145,743,515	158,269,142
Internally restricted net assets (note 17)	1,000,000	1,000,000
	146,743,515	159,269,142
	375,975,850	393,811,129

See accompanying notes to financial statements.

Approved by the Board  Director  Director

## STATEMENT OF OPERATIONS & NET ASSETS YEAR ENDED DECEMBER 31, 2015

	2015	2014
	\$	\$
<b>REVENUE</b>		
Airport improvement fee (note 9)	14,718,680	15,911,040
Airport improvement fee - equivalent (note 10)	1,527,480	3,310,593
Other airfield	6,780,199	7,881,330
Terminal	5,107,570	4,179,482
Parking	4,318,681	4,107,888
Ground transportation	2,705,117	2,739,329
Land lease	3,499,990	2,354,459
Concession	1,952,212	1,451,223
Interest	503,167	1,324,327
Other	281,556	1,476,137
Special events	-	1,373,490
Amortization of deferred capital contribution (note 8)	80,392	40,196
Government grant (note 11)	108,800	52,500
	<b>41,583,844</b>	<b>46,201,994</b>
<b>EXPENSES</b>		
Salaries and wages	12,984,853	13,471,490
Amortization expense	17,543,526	14,323,717
Interest	9,239,568	5,209,492
General and administrative	5,264,199	5,332,841
Contracted services	4,450,780	1,391,855
Operating	3,500,342	3,977,264
Airport improvement fee handling	1,041,946	1,125,205
Special events	84,257	1,687,096
	<b>54,109,471</b>	<b>46,518,960</b>
<b>NET LOSS</b>	<b>(12,525,627)</b>	<b>(316,966)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>159,269,142</b>	<b>159,586,108</b>
<b>NET ASSETS, END OF YEAR</b>	<b>146,743,515</b>	<b>159,269,142</b>

See accompanying notes to financial statements.

## STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2015

	2015	2014
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATIONS</b>		
Net loss	(12,525,627)	(316,966)
Items not affecting cash		
Amortization of tangible capital assets	17,481,564	14,307,600
Amortization of intangible assets	57,928	12,083
Amortization of long term investment	4,034	4,034
Amortization of deferred capital contributions	(80,392)	(40,196)
	<b>4,937,507</b>	<b>13,966,555</b>
Change in non-cash working capital items		
Accounts receivable	2,819,731	(2,047,491)
Inventory	(128,631)	100,255
Prepaid expenses	(43,704)	(59,914)
Account payable and accrued liabilities	(1,953,092)	(6,351,139)
Deferred revenue	57,413	(16,636)
	<b>5,689,224</b>	<b>5,591,630</b>
<b>INVESTING</b>		
Net change in investments and restricted cash	15,025,462	30,037,278
Purchase of major capital projects assets	(4,545,683)	(34,479,416)
Purchase of tangible capital assets	(6,772,428)	(10,212,637)
Purchase of intangible capital assets	(303,460)	(43,496)
	<b>3,403,891</b>	<b>(14,698,271)</b>
<b>FINANCING</b>		
Contribution from Regional Municipality of Wood Buffalo	-	6,250,000
Contribution of government grant	-	3,215,693
Increase in deferred revenue - QTA	501,803	458,581
Repayment of long-term debt	(3,835,384)	(1,851,642)
	<b>(3,333,581)</b>	<b>8,072,632</b>
Decrease in cash and cash equivalents	5,759,534	(1,034,009)
Cash and cash equivalents, beginning of year	6,097,049	7,131,058
Cash and cash equivalents, end of year	<b>11,856,583</b>	<b>6,097,049</b>

See accompanying notes to financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. NATURE OF OPERATIONS

The Fort McMurray Airport Authority (The "Authority") was incorporated on December 1, 2009 under the Regional Airports Authorities Act (Alberta) (the "Act") as a non-share capital corporation. Under the provisions of the Act, the mandate of the Authority is to manage the Fort McMurray International Airport (the "Airport") in a safe, secure and efficient manner, and to advance economic and community development by promoting improved airline and transportation service and an expanded aviation industry; for the general benefit of the public in the region.

The Authority has operated the Airport since January 1, 2010 when the Regional Municipality of Wood Buffalo ("RMWB") transferred the assets and operations of the Fort McMurray Regional Airport Commission (the "Commission") to the Authority. The tangible capital assets of the Commission were transferred to the Authority and recorded at the carrying amount of the Commission.

In accordance with the provisions of the Act, the Authority operates as a not-for-profit corporation, and as such earnings from operations are used towards promoting its purposes and reinvestment in airport development. Under section 149 of the *Income Tax Act (Canada)* the Authority is exempt from payment of income tax.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and reflect the following significant accounting policies:

#### b) Controlled entities

The Authority has elected not to consolidate controlled entities as allowed under ASNPO. The investment controlled by these entities is recorded at cost in the statement of financial position and prescribed disclosure is presented in the notes to the financial statements. The Authority has incorporated a wholly owned subsidiary, YMM Inc., which is currently dormant and had no activity in the year.

#### c) Cash and cash equivalents

Cash and cash equivalents include unrestricted cash on deposit with financial institutions and short-term investments with maturities of three months or less from the date of acquisition. Cash and cash equivalents also include bank indebtedness consisting of overdrawn bank accounts. Bank indebtedness is included in cash and cash equivalents as it regularly fluctuates from being positive to overdrawn.

#### d) Accounts receivable

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts where considered necessary.

#### e) Inventory

Inventory is valued at the lower of cost and the net realizable value with the cost being determined on a first in, first out basis.

## NOTES TO THE FINANCIAL STATEMENTS

### f) Tangible capital assets

Tangible capital assets exclude the cost of facilities constructed on airport lands which are owned by tenants. Tangible capital assets are recorded at cost less accumulated amortization and impairment losses. Interest directly attributable to the acquisition, construction or development of tangible capital assets is capitalized.

Amortization is based on their estimated useful life at the following rates using the straight line method:

ASSET	RATE
Buildings	15-40 years
Apron expansion	11 years
Maintenance equipment	10 years
Roadways and airside/groundside paving structures	10 years
Airside lighting structures	10 years
Parking lots	6-20 years
Fire trucks and equipment	5-10 years
Light vehicle fleet	4-5 years
Furniture, fixtures and equipment	5 years
Computer hardware	3 years

### g) Intangible assets

Intangible assets with a finite life are accounted for at cost less accumulated amortization. Amortization is based on their estimated useful life using the straight-line method over two years.

### h) Investments

Investments are recorded at amortized cost. Earnings from these investments are recognized only to the extent received or receivable. The Authority recognizes an impairment loss in net earnings, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

### i) Impairment of long-lived assets

When a long-lived asset no longer has any long-term service potential to the Authority, the excess of its net carrying amount over any residual value is recognized as an impairment loss and expensed in the statement of operations and net assets. No impairment loss was recorded for the year ended December 31, 2015.

## NOTES TO THE FINANCIAL STATEMENTS

### j) Revenue recognition

The Authority recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price to the user is fixed or determinable and collection is reasonably assured. Specifically, revenue generated from airport improvement fees, airfield revenues, fees charged for parking, car rental agencies, land lease, building lease and other revenues are recognized as the airport facilities are utilized. Concession revenues are charged on a monthly basis and are recognized on a percentage of sales or specified minimum rent basis. Other rentals are recognized over the term of the respective agreements. The Authority follows the deferral method of revenue recognition for externally restricted revenues.

The Authority has retained substantially all of the benefits and risks of ownership of its rental assets; therefore, it accounts for leases as operating leases. Rental revenue from operating leases is recognized as income over the term of the lease as it becomes due.

### k) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year.

Key components of the financial statements require management to make estimates that include the provision for doubtful accounts in respect of accounts receivables, the cost and net realizable value of inventory, the useful life of long-lived assets, the fair value of certain financial instruments, and liabilities under legal contingencies. Actual results could differ from these estimates.

### l) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Authority becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for the following instruments:

Investments in unlisted shares are measured at cost less any reduction for impairment.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Authority recognizes in operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in operations in the period the reversal occurs.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. TANGIBLE CAPITAL ASSETS

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	25,037,536	-	25,037,536	25,037,536
Buildings	262,610,564	15,218,670	247,391,894	248,760,140
Maintenance equipment	7,942,358	3,759,435	4,182,923	2,758,902
Roadways & groundside paving structure	2,821,090	25,727	2,795,363	2,122,793
Airside paving structure	45,237,507	26,513,376	18,724,131	23,112,375
Airside lighting structures	2,412,939	1,417,714	995,225	1,236,519
Parking lots	2,580,216	2,213,553	366,663	796,699
Apron expansion	41,535,313	22,655,627	18,879,686	22,655,624
Light vehicle fleet	958,756	828,013	130,743	290,994
Fire trucks & equipment	1,511,500	854,210	657,290	678,631
Furnitures, fixtures & equipment	500,514	294,649	205,865	243,639
Computer hardware	1,429,771	1,015,292	414,479	874,144
Assets under construction	2,622,745	-	2,622,745	-
	397,200,809	74,796,266	322,404,543	328,567,996

During the year, the Authority commenced an expansion of the runway project (Note 16) that is not subject to amortization.

### 4. INTANGIBLE ASSETS

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer software	475,848	195,323	280,525	34,993

## NOTES TO THE FINANCIAL STATEMENTS

### 5. INVESTMENTS AND RESTRICTED CASH

	2015	2014
	\$	\$
<b>NON-CURRENT INVESTMENTS</b>		
High interest bank account - 1.23% annual interest	-	25,619,684
Bank GIC - 1.75 % annual interest matures July 15, 2019	151,965	148,144
Other investments	125,048	175,188
	277,013	25,943,016
<b>RESTRICTED CASH</b>		
High interest bank account - 0.85% annual interest (note 17)	25,000,000	25,000,000
High interest bank account - 0.85% annual interest (note 17)	10,134,704	-
Bank account - quick-turn-around (QTA) project	1,971,594	1,469,791
	37,106,298	26,469,791
<b>Non-current investments and restricted cash</b>	<b>37,383,311</b>	<b>52,412,807</b>

The Authority received contributions from the RMWB in advance for the infrastructure development. In the prior year, the Authority invested excess cash in a high interest investment bank account. This amount qualifies as cash and cash equivalents and is classified as a restricted investment as it will be used for future infrastructure development.

#### Bank account – quick-turn-around project

This cash is received from the car rental agencies (the “agencies”) operating from the Airport. The money is to be applied for the purposes of developing a quick turn-around facility (“QTA”) at the Airport which will include a car wash and a refuelling station. As per the rental agreement between the Authority and agencies, the agencies are required to charge customers a customer facility charge which in turn is remitted to the Authority to finance the QTA project.

#### Other investments

The Authority incurred costs associated with real estate development leases for hotels. The carrying costs will be amortized over the life of the lease.

## NOTES TO THE FINANCIAL STATEMENTS

### 6. LONG TERM DEBT

#### Alberta Capital Finance Authority (“ACFA”)

On March 7, 2011, the Authority secured \$198,000,000 in long-term financing for construction of the new Airport Terminal Building that opened in June 2014, at a fixed rate of 4.719% for thirty years, due March 15, 2041. Interest only payments commenced September 2011 with principal and interest payments commencing in September 2014 in the amount of \$13,046,904 annually. The debenture is secured by a first charge on all Authority assets. A Letter of Guarantee for an amount of up to \$10,000,000 in support of the debenture issued by the ACFA has been arranged by the RBC, pari passu with ACFA.

Long term debt relating to the Authority at year-end is \$192,312,974 (2014 – \$196,645,974) and the current portion is \$4,018,511 (2014 – \$3,835,384). Under the terms of the ACFA facility, when debentures are outstanding, the Authority is required to maintain an Interest Coverage Ratio of not less than 1.25:1 and net cash flows greater than zero as of the end of any fiscal quarter on a rolling four fiscal quarter basis. All covenants have been met.

Principal payments required in the next five years and thereafter are as follows:

	\$
2016	4,018,511
2017	4,210,382
2018	4,411,413
2019	4,622,044
2020	4,842,731
Thereafter	175,207,893
	192,311,974

### 7. OPERATING LINE OF CREDIT

The Authority has a \$4,900,000 line of credit, (the “Operating Facility”) bearing interest at the Royal Bank prime lending rate plus 0.00%. The operating facility is unsecured and repayment terms are on demand. No amounts were drawn in 2015.

### 8. GRANTS AND CAPITAL CONTRIBUTIONS

#### Regional Municipality of Wood Buffalo (RMWB)

On May 24, 2011, the Council of the RMWB approved a matching funding grant of \$25,000,000 to the Authority. \$24,000,000 of the grant is to provide support for airport infrastructure development.

Per the grant agreement \$1,000,000 of the total funding is to be used at the discretion of the Authority for the purpose of providing customs and immigration facilities within the existing airport terminal. Due to the discretionary and unrestricted nature of this funding it was recorded as revenue in 2012.

The remaining \$24,000,000 received has been recorded in deferred capital contributions on the statement of financial position. The amount will be reclassified to unamortized deferred capital contributions when the funds have been utilized as intended. This balance will be amortized over the life of the assets to which it relates and will commence as and when the related assets are available for use.

## NOTES TO THE FINANCIAL STATEMENTS

In 2010, the RMWB approved a bylaw which waives the RMWB portion of property taxes while leaving the Authority responsible for only that portion of the property taxes that are paid to the Provincial Government, as well as that portion of the property taxes used for senior citizen support.

The RMWB is an appointee of three directors to the Board of Directors of the Authority.

### The Canadian Air Transport Security Authority (“CATSA”)

In 2014 the Canadian Air Transport Security Authority (“CATSA”) approved funding of \$3,215,693 for engineering, coordination and infrastructure construction for the screening project as set out in the Guidance Material for 100% EDS Screening (“EDS Guidelines”) and Screening Project Funding Agreement (“SPFA”). The contribution has been classified as unamortized deferred capital contribution on the statements of the financial position as the project was completed in June 2014. During the year the Authority recognized the government grant revenue of \$80,392 (2014 – \$40,196).

### 9. AIRPORT IMPROVEMENT FEE

The Authority derives revenue from the Airport Improvement Fee (“AIF”), which is collected by air carriers pursuant to an agreement among various airports in Canada, the Air Transport Association of Canada and air carriers serving airports that are signatories to the agreement (the “AIF Agreement”). Pursuant to the AIF Agreement, signatory airlines receive a 7% collection fee. AIF revenue is used to fund the costs of new airport infrastructure, major improvements to existing facilities at the Airport, as well as related financing costs, debt repayment and the collection fee retained by the signatory airlines.

### 10. AIRPORT IMPROVEMENT FEE – EQUIVALENT

Effective March 1, 2011, the Authority derives revenue from the Airport Improvement Fee – Equivalent (“AIF-E”) for charter aircraft with ten or more seats at the same rates as for the AIF.

### 11. GOVERNMENT GRANT

The Authority has a Maintenance Contribution and Support Agreement (the “Support Agreement”) with the Canadian Air Transport Security Authority (“CATSA”) under which CATSA agreed to pay to the Authority a contribution in respect to baggage handling systems maintenance support and handler support services. The contribution is equal to the lesser of the maximum amount defined in the support agreement or the amount of allocated costs incurred. The Support Agreement can be extended annually by mutual agreement. Contributions were received during 2015 in the amount of \$108,800 (2014 – \$52,500).

## NOTES TO THE FINANCIAL STATEMENTS

### 12. RELATED PARTY TRANSACTIONS

#### Staff housing

The Authority owns seven staff housing units, which are rented to current employees. The rental charge is based on the housing policy of the RMWB.

	2015	2014
	\$	\$
Rental Charge	116,717	148,312
Direct Expenses	37,487	65,288
Net Revenue Earned	79,230	83,024

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 13. EMPLOYEE FUTURE BENEFITS

#### Pension and retirement plans

Employees of the Authority participate in the Local Authorities Pension Plan (“LAPP”), which is a multi-employer contributory defined pension plan covered by the Public Sector Pension Plans Act of Alberta. At December 31, 2014, the LAPP reported an actuarial deficiency of \$2.5 billion (2013 – \$4.86 billion deficiency). An actuarial valuation is carried out every year. Any differences between the actuarial valuation results and extrapolated results will next be reported as at December 31, 2015. Total service contributions by the Authority to the LAPP for 2015 were \$ 833,463 (2014 – \$733,143).

The Authority had a defined contribution supplementary retirement plan for two senior executives in 2015. The expense recorded in the statement of operations and net assets for 2015 totaled \$46,705 (2014 – \$45,178). The Authority requires members to contribute to the plan at a rate equal to that required by LAPP.

### 14. FINANCIAL INSTRUMENTS

Financial Assets of the Authority, which consist of cash and cash equivalents, accounts receivable, investments, and investments and restricted cash, are measured at amortized cost.

#### a) Credit risk

The Authority is exposed to credit risk as it provides credit to a large number of customers in the normal course of its operations. This risk is minimized through the Authority’s diverse customer base and assessment of potential customer’s financial condition prior to extending credit. As at December 31, 2015, the Authority had three major customers which represented 58% of the Authority’s accounts receivable (2014 36%). Accounts receivable are presented net of an allowance for doubtful accounts of \$14,541 (2014 – \$17,762), in the statement of financial position.

## NOTES TO THE FINANCIAL STATEMENTS

### b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk. In seeking to minimize the risk from interest rate fluctuations, the Authority manages exposure through its normal operating and financing activities.

The Authority is exposed to interest rate risk with respect to investments in guaranteed investment certificates, investments and restricted cash and term loans subject to refinancing. Changes in market interest rates could impact investments to the extent that the investments mature and are reinvested at current market interest rates. There is no impact on the ACFA project financing as the note bears interest at a fixed rate of 4.719% for the 30-year term.

### c) Liquidity risk

The Authority actively maintains its credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements at a reasonable cost.

Management believes that cash flows from operations, along with available credit under existing banking facilities, will be adequate to support the payment of the Authority's financial liabilities. Further, management also believes that the financing secured from ACFA for the new Airport Terminal project will be adequately serviced by the AIF paid by departing passengers.

## 15. CONTINGENCIES

In the normal course of operations, there are pending claims against the Authority or assumed from the predecessor Commission. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, it is not possible to predict the ultimate outcome of these claims, if any, which may result.

A policy grievance has been instituted against the Authority by CUPE local 1505, arising from the contracting out of Custodial and Security Services, which could result in a potential material liability. The Authority cannot estimate the amount it could be called upon to pay should the policy grievance be found valid. No provision has been recorded.

## 16. CONTRACTUAL OBLIGATIONS

The Authority commenced an expansion of the runway project during the year. The project is to be funded by the Authority and the Government of Canada which is conditional on signing of a contribution agreement. The Authority has committed to contribute \$50 million.

## 17. INTERNALLY RESTRICTED NET ASSETS

In 2014, the Authority restricted \$1,000,000 of net assets for the purpose of infrastructure development related to the RMWB funding grant (note 8). The funds will be utilized for capital expenditures related to the construction or improvement of the airport infrastructure. Cash of \$1,000,000 is similarly restricted to fund the internally restricted net assets (note 5).

## 18. ECONOMIC DEPENDENCE

Revenue generated from major airlines such as Air Canada/Air Canada Express and WestJet/Encore account for approximately one-half of total revenues on a recurring basis. In addition, passengers flying with these airlines generate a significant portion of remaining revenue amounts. The Authority's ability to continue viable operations is dependent on Air Canada/Air Canada Express and WestJet/Encore continuing to fly to and from the Airport. As of the financial statement date, the Authority believes that their relationship with these airlines will continue into the foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS

### 19. DIRECTORS' AND OFFICERS' REMUNERATION

This information is provided pursuant to The Regulations of the Not-for-profit Corporations Act (S.C. 2009, c. 23) and represents the total compensation paid and expenses reimbursed to each Director and Officer the year ended December 31, 2015.

				2015	2014
	Gross Pay	Travel	Training & Development	Total	Total
<b>Director Remuneration and Expenses</b>	\$	\$	\$	\$	\$
Alexander, Cheryl	-	-	-	-	17,841
Balkwill, Kenneth	19,067	4,335	-	23,402	26,075
Cox, Matthew	-	-	-	-	12,134
Fitzner, Jeff	-	-	-	-	3,158
Kallal, Allan	23,817	1,068	-	24,885	23,991
Obrigewitsch, Trent	21,317	672	-	21,989	3,947
Ralph, Mildred	16,117	974	-	17,091	20,267
Schroeder, Sheldon	45,000	965	-	45,965	46,370
Sigler, Murray	-	-	-	-	22,986
Solbak, Colin	16,767	3,377	-	20,144	13,072
Wehmeyer, Bernd	22,533	2,778	-	25,311	29,547
Williams, Roy	17,567	543	-	18,110	3,789
Flett, Corie	12,318	943	-	13,261	-
<b>Authority Officers' Remuneration and Expenses</b>	\$	\$	\$	\$	\$
President & CEO (a)	564,402	31,857	-	596,259	384,973
VP Operations	300,725	22,449	-	323,174	315,792
VP Corporate Services & CFO (b)	169,753	6,874	3,850	180,477	268,115
VP Corporate Services & CFO - New	66,953	-	-	66,953	-

Officers compensation includes base pay, bonus, pension, employers paid contribution and taxable benefits.

(a) Includes a long-term incentive bonus related to the major capital project (\$229,409)

(b) 2015 includes the departure of VP Corporate Services and CFO.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. COMPARATIVE FIGURES

The following balances have been reclassified to conform to the current year presentation:

Tangible capital assets and unamortized capital contribution as at December 31, 2015 have been increased by \$3,175,497.

Contracted services for the year ended December 31, 2014 have increased by \$1,391,855 and salaries and wages have decreased by the same amount.

### 21. SUBSEQUENT EVENTS

In January 2016, the Authority reclassified two staff housing units with the carrying value of \$559,300 (2014—nil) as held for sale. The Authority has entered into an agreement with a real estate brokerage to sell one staff housing unit.



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