

Strategic Plan 2013-2017

EXECUTIVE SUMMARY



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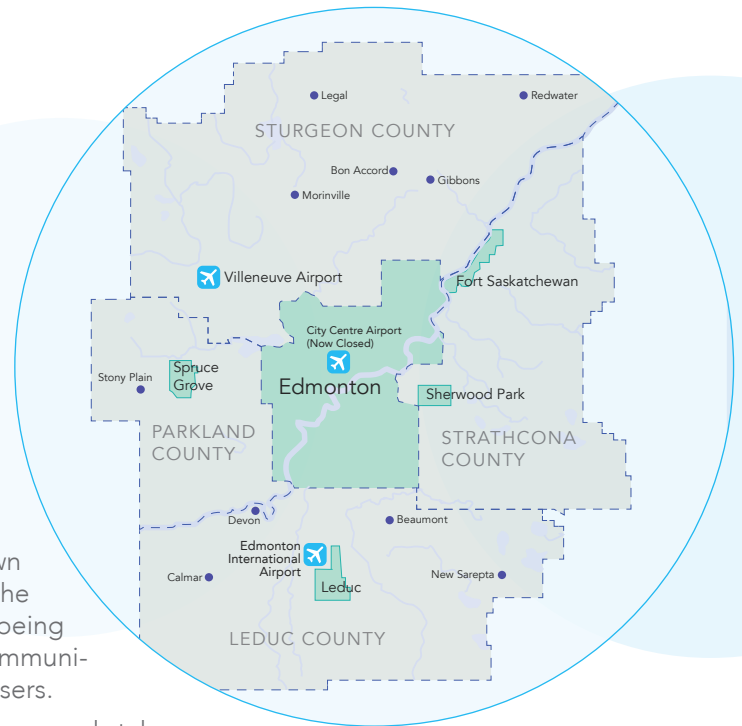
Introduction

Since 2000, Edmonton Airports (EA) has owned and operated the general aviation (GA) Villeneuve Airport (VA), providing a home for small commercial, recreational and flight training aircraft.

With the decision of the City of Edmonton to wind down the Edmonton City Centre Airport (ECCA), the role of the VA has been re-evaluated in the context of the airport being a strategic regional asset, meeting the needs of the communities it serves, as well as its corporate and recreational users.

In developing this Strategic Plan, EA has consulted with several stakeholders including (but not limited to):

- Villeneuve Owners and Operators
- Villeneuve Airport Regional Task Force
- Sturgeon County Task Force
- City of St. Albert
- Parkland County
- City of Edmonton
- City of Leduc
- Leduc County
- Government of Alberta



Introduction

History

Villeneuve Airport (VA) was built by Transport Canada in 1976 as a satellite airport for flight training and recreational aircraft activity in the Region.

The air traffic control tower was built in 1982. As part of the National Airports Policy, the federal government sold the airport to Edmonton Airports in 2000.

Ownership and Operations

Edmonton Airports owns and operates the Villeneuve Airport, operates the Edmonton International Airport on long-term lease from the federal government, and until such time as the airport is closed, also operates the Edmonton City Centre Airport on behalf of its owner the City of Edmonton. Until recently, EA also owned and operated Cooking Lake Airport.

There are no full time staff at the airport. Most of the operations and maintenance tasks are performed by internal EA staff with some external contracted support. VA also receives the attention of three operational supervisors at EIA.

Emergency Response Services are provided by the local fire department on a call-out basis. VA owners and operators have expressed concern about the lack of domestic water services being a key impediment to the provision of adequate emergency response service.



Vision

For VA and the Region to be successful, EA is looking to concentrate on the market niche best served by Villeneuve Airport and to grow its share of the General Aviation market.

Vision – More Flights to More Places

In support of the social and business needs of the Capital Region, VA will be operated and developed as an integral component of the Region’s transportation infrastructure. Airport development will enhance airport operations and those of its based operators.

This will be achieved through responsible investment, provision of quality services, efficient operations, prudent financial management, sustainable processes, and by developing closer relationships with business and the surrounding communities.

VA will play a significant and positive role in the growth of the Capital Region by adding value to the community and providing a safe, high quality, attractive general aviation airport.

The community will have pride in the Villeneuve Airport and will recognize the economic value it brings to the Capital Region.



Villeneuve Airport will be recognized as an integral part of the Capital Region’s transportation system and will play a significant and positive role in the growth of the Region by adding value to the community and providing a safe, high quality, attractive general aviation airport.

Mission

EA'S MISSION

Driving our Region's Economic
Prosperity Through Aviation
and Commercial Development

EA's mission statement applies equally to operations at both Edmonton International (EIA) and Villeneuve (VA) Airport.

In support of the corporate mission, Villeneuve Airport (VA) is a regional asset that is strategically focused on the General Aviation (GA) sector and provides complementary commercial activities to those at Edmonton International Airport (EIA).

Specifically, Villeneuve Airport serves as a:

- General aviation relief airport for EIA
- Base for helicopter and fixed wing general maintenance services
- Alternate medevac location to EIA
- Base for operation of private (recreational) glider, fixed and rotary wing operations
- Base for corporate aircraft operations serving the oil and gas, mining, energy, manufacturing, tourism, financial services, other industries and government in Northern Alberta
- Base for small* commercial charter operations serving these same industries
- Centre of excellence for fixed and rotary wing flight training
- Point of entry for inbound general aviation from other regions in Canada and the U.S.
- Potential base for aerial firefighting operations

* Small refers to Code B or smaller aircraft

Core Values

Villeneuve Airport’s Core Values are consistent with those of Edmonton Airports, and are summarized as follows:



SAFETY AND SECURITY FIRST

We ensure that the safety and security of our customers, staff, facilities and environment is a primary concern in all aspects of doing business.

OWN THE OUTCOME

We are motivated by customer expectations in providing quality facilities and services in a customer-sensitive and service driven manner.

DOING THE RIGHT THINGS RIGHT

We are accountable for all our actions including financial management and act honestly and respectfully in our business relations, usage of our resources, treatment of our customers and each other, and in the general conduct of our business.

INVESTED IN OUR TALENT

People are our most important resource; we work together to foster an open and cooperative environment that encourages teamwork, communication and mutual respect.

DEDICATED TO SUSTAINABILITY

We are committed to responsibly managing all of our assets to advance our region’s environmental stewardship, social well-being and economic prosperity.

Strategic Themes

VA supports EIA to ensure Edmonton Airports is a sustainable business as a whole based on the following three corporate strategic themes:

THEME: GROW THE BUSINESS

Our growing and diversified revenue streams enable Edmonton Airports to innovatively invest in our strategies. VA supports EA's overall growth directly in growing GA movements, and by offering GA relief to EIA to grow commercial traffic and passengers

THEME: PASSENGER AND PILOT EXPERIENCE

We deliver an exceptional passenger and pilot experience that exceeds expectations and drives consumer demand. VA supports this theme directly through GA passengers that use the airport, and indirectly at EIA as a satellite airport in the EA network.

THEME: OPERATIONAL EXCELLENCE

We have safe, secure airport and business operations that are consistent, efficient and effective.



EA corporately has adopted a Balanced Scorecard model that includes objectives, measures, targets and initiatives in from the perspectives of: Passenger and Cargo, Financial Stewardship, Internal Business Processes, and Organizational Capacity.

As VA is a Satellite Airport defined by Transport Canada's National Airports Policy, VA is aligned with EA corporate strategy by providing GA relief to EIA to allow EIA's safe and efficient operation for larger commercial traffic.

Assessment

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A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis was conducted on VA to help analyze the local environment and allow EA to develop strategies to take advantage of the current situation (strengths and opportunities) and mitigate risks (weaknesses and threats).

STRENGTHS

- Proximity to Edmonton and Capital Region
- Unconstrained 5,000 x 75 foot runway & ILS
- Local NAV Canada Tower services
- Uncongested airspace and near access to primary flight training areas
- Available land with few environmental constraints
- Low fees and charges structure
- Supportive owner (EA)

OPPORTUNITIES

- Flight Training Centre of Excellence
- Aviation / Aerospace Management Training
- Full Service FBO / Enhanced MRO
- Hangar Development
- New Charter / Hot Shot Cargo Services to Northern Alberta
- Base for Public Service Air Operations (air ambulance, aerial fire fighting)
- Small Aircraft Manufacturing & Sales
- Scheduled Carrier Maintenance Base
- Airport Point of Entry
- Groundside Development
- Stakeholder Support for Promotional Events with Strong Commitment to the Future of VA

WEAKNESSES

- Lack of services, particularly domestic water
- Inadequate infrastructure
- Lack of management focus in the past
- Lack of marketing
- Weak financial performance

THREATS & CHALLENGES

- Many GA airports in region including plans for a new airport in Parkland County
- Future RESA legislation could impact runway extension
- Continued national trend of decline in small GA traffic (particularly piston)
- Piston aircraft do not yield large revenues to airport
- Changes in zoning takes time
- Multiple stakeholder groups with diverse interests

Strategy

Strategic Planning Assumptions

- Governance structure at VA unchanged going forward
- All commercial carrier scheduled service remains at EIA
- Improve financial viability of VA operation
- Develop current, and pursue new lines of business at VA

Strategic Objectives

- Reduce Operating Loss
- Grow General Aviation Traffic
- Grow Non-Aeronautical Revenue
- Maintain Strong Collaborative Working Relationship with VA Owners and Operators, the Host Community Sturgeon County, and Other Key Regional Stakeholders

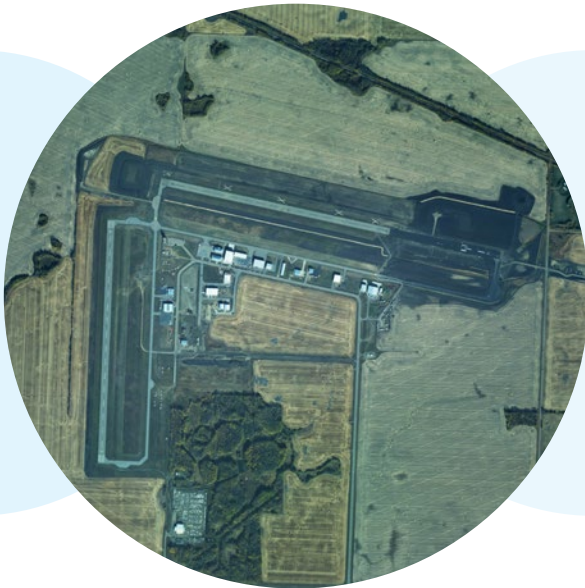


Strategy

Key Success Factors

Key to growing the Villeneuve Airport and meeting its strategic objectives are:

- Strong airport champion and proactive management with entrepreneurial spirit
- Approved Area Structure Plan
- Improved site services, particularly availability of domestic water
- Development ready land to accommodate growth from existing and new tenants
- Longer runway and improved navigational aids (ILS and WAAS) (runway extension and ILS installation currently underway)
- Enhanced public apron availability
- Airport of entry status / customs and border services
- Full FBO/MRO service



- Local Fire Hall
- Strong commercial focus with an emphasis on maximizing non-aeronautical revenues
- Broker business relationships between aviation service providers and potential clients
- Effective, welcoming and inclusive communications, business dealings and collaboration with partners and stakeholders
- Available land with few environmental constraints
- Effective links to the community with strong community support.

Strategy

Making It Happen

EA is committed to pursuing the following **priority opportunities:**



On an opportunistic basis, and as the underlying infrastructure is put in place (particularly domestic water), EA will pursue the following opportunities identified during the stakeholder consultations:

- Base for public service air operations (aerial fire fighting)
- Post-secondary aviation/aerospace training including AME, engineering, aviation management
- Base for smaller aircraft manufacturing/assembly
- Operators engaged in aircraft sales

Objectives

Five Year Strategic Objectives

STRATEGIC OBJECTIVE #1

REDUCE THE OPERATING LOSS

| Description | Measure | Perspective |
|--|--|--|
| <ul style="list-style-type: none"> Review and adjust rates (aeronautical, land lease, and development) to maintain competitive position regionally Streamline rates and charges for based owners and operators Enhance billing and revenue collection processes Increased commercial and aviation land development | <ul style="list-style-type: none"> Cash flow EBITDA Accounts receivable Increased customer satisfaction number of tenants | <ul style="list-style-type: none"> Financial Internal business processes Customer |



Objectives

Five Year Strategic Objectives

STRATEGIC OBJECTIVE #2

GROW GENERAL AVIATION TRAFFIC

| Description | Measure | Perspective |
|--|--|---|
| <ul style="list-style-type: none"> • Define and pursue Flight Training Centre of Excellence opportunity • Meet with Capital Region and Northern Alberta based resource companies (oil & gas, mining, manufacturing and agriculture) to identify their specific air service needs, then broker discussions with reputable charter companies • Actively market longer runway and improved navigational aids • Work with existing owners/operators or find new tenant to develop a full service FBO/MRO incl. appropriate passenger lounge, fuelling operation, pilot lounge etc. • Work with existing owners & operators to identify their specific needs and assist with their growth plans • Review and plan adequate public/itinerant apron space consistent with developing business at VA • Define current inventory of available hangar slots, Phase 2A (current servicing potential) maximum build-out potential plus market need • Seek out a developer willing to invest in Phases 2 and 3 • Support Owners & Operators and other stakeholders in their efforts to collaborate with COPA, Edmonton Tourism, Chambers of Commerce and others to organize fly-in events • Once water at airport, actively pursue relocation of provincial aerial firefighting base to the airport • Introduce CBSA services • Align staffing resources with needs at VA | <ul style="list-style-type: none"> • Runway extension in place • FBO / MRO development • New based charter companies • Increased itinerant GA and flight training activity • Adequate water supply available at airport for Phase 2 development • Inventory of hangar slots / parking spaces • # of community events • Relocation of CANPASS trailer • Increased staffing resources | <ul style="list-style-type: none"> • Financial • Customer |

Objectives

Five Year Strategic Objectives

STRATEGIC OBJECTIVE #3

GROW NON-AERONAUTICAL REVENUE

| Description | Measure | Perspective |
|---|---|---|
| <ul style="list-style-type: none"> • Provide support and fully participate with Sturgeon County in developing an Area Structure Plan that reflects planned needs for VA and maximizes economic development. • Pursue regional collaboration opportunities with Sturgeon County and other stakeholders to bring domestic water supply and other utilities to the airport • Develop an incentive program for new tenants • Seek out a small F&B operator interested in operating a cafeteria • Develop groundside lots to accommodate demand for light industrial land • Begin discussions with U of A, NAIT, Red Deer College, Grant McEwen College and others as appropriate to determine feasibility of joint initiatives involving aviation education activity at VA, specifically focused on Asia market • Collaborate with Sturgeon County to foster economic development opportunities complementary to airport development | <ul style="list-style-type: none"> • Increased % of non-aeronautical revenue to total revenues • Increased number of based tenants, increased lot take-up [% of total] • Increased customer satisfaction • Approved ASP • Adequate water supply available at airport for development | <ul style="list-style-type: none"> • Financial • Customer |

Objectives

Five Year Strategic Objectives

STRATEGIC OBJECTIVE #4

MAINTAIN STRONG COLLABORATIVE WORKING RELATIONSHIPS

with VA Owners and Operators, the host community Sturgeon County and other Key Regional Stakeholders

| Description | Measure | Perspective |
|--|--|--|
| <ul style="list-style-type: none"> Analyze net benefit of VA to Edmonton Airports and include analysis in reporting to stakeholders Market the benefits of VA facility to current tenants, prospective tenants and itinerant visitors Broker discussions between entities interesting in locating at VA with VA based service providers Continue to hold regular meetings with O&O Association and other stakeholders Encourage community events Add one Villeneuve Airport Owners and Operators Association Member representative to EA Business Advisory Committee Continue to engage local community in the planning to grow the airport, to ensure the character of the community is respected. | <ul style="list-style-type: none"> Increased customer and stakeholder satisfaction Positive net benefit to EA Increased traffic | <ul style="list-style-type: none"> Customer |

