



ANNUAL REPORT 2021

Grande Prairie Airport

The Peace Country's Connection to the World!



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THE PEACE COUNTRY'S CONNECTION TO THE WORLD!

Vision Statement

A model airport for Canada's smaller cities dedicated to exemplary customer service.



Mission Statement

To be Peace Country Connection to the world!

Message from the Chair of the Board

2021/2022 saw negative effects of Covid on the airport. Flights were again reduced and cancelled without much notice which frustrated the flying public. In either case, the airport needed to be ready for flights.

The Grande Prairie Airport Commission continued its regular meetings albeit by Zoom. Management provided its regular reports and shared plans to manage the Covid imposed restrictions.

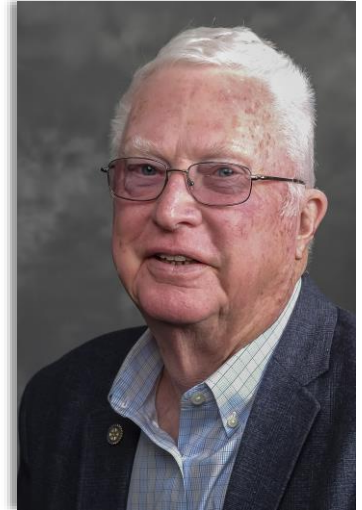
The Commission renewed CEO Brian Grant's contract for another three years. The contract requires six months notice in the event the CEO plans to retire.

On behalf of the Commission, I would like to thank management and staff for their diligent dedication to the airport during these difficult times.

Respectfully submitted



J. Fletcher Bootle, Chair
Grande Prairie Airport Commission



Message from the Chief Executive Officer



The year 2021 has been the most challenging year of all in my 37 years in the aviation industry. The continued pressures of an ongoing pandemic on our operations and our close knit team created challenges that required strong industry knowledge, inventive new ways of doing business and at times gut instincts and sheer determination as we faced situations beyond our control with seemingly no end in sight.

Despite the upheaval and air carriers reducing, and in some cases eliminating service, GPA and our region continued to be recognized as a market of opportunity which enticed two new service providers and increased travel options. Central Mountain Air entered our market to Edmonton while Flair Airlines established new travel destinations with direct service to Vancouver and Toronto. Although the services from these new carriers were cut short by waves of pandemic restrictions, both air carriers were optimistic that a return to our region was in our future.

It is never more obvious than in times like this that a well-trained, determined, and dedicated staff are the heart and soul of a business. We are blessed with employees that are incredibly determined and dedicated. Without the total team effort we mustered on this rollercoaster of 2021 our achievements could not have been realized.

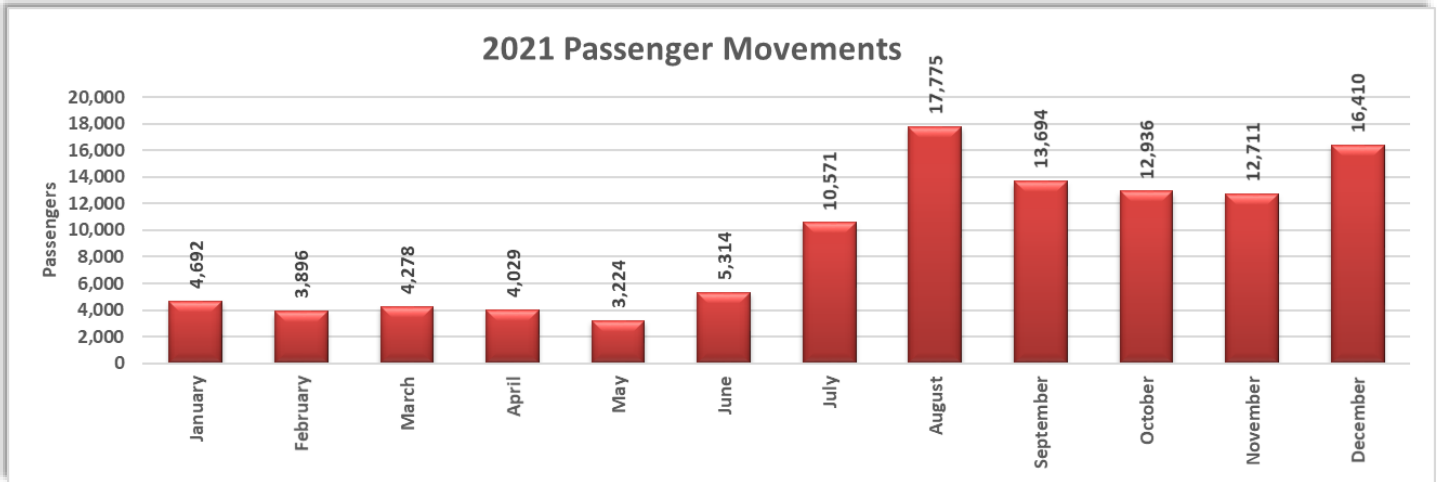
To all staff, I extend my sincere appreciation for all that you do to make our airport The Peace Country's Connection to the World!

Difficult choices and moving targets can only be managed in an environment of trust and flexibility. I thank the GPAC Board of Directors for believing in my knowledge and abilities and affording me the flexibility needed to achieve our goals in times like this.

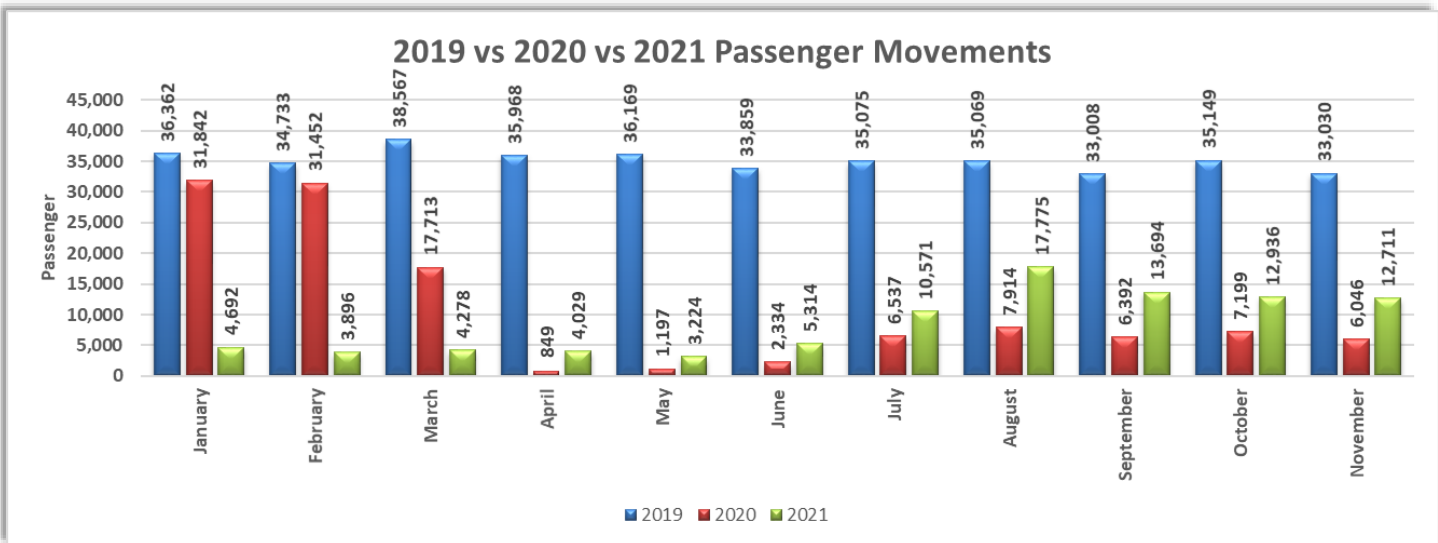
A handwritten signature in blue ink that reads "Brian Grant". The signature is fluid and cursive.

Brian Grant, CEO
Grande Prairie Airport

PASSENGER STATISTICS



2019 saw the second largest total of passengers move through the Grande Prairie Airport on record at 422,859 people. At the peak of COVID-19, 2020 saw a rapid decline to a total of 125,017 passenger movements and 2021 saw a further decline to a total of 109,530 passenger movements. This is a drop of 74% between 2019 and 2021. Utilizing historical records, 2021 passenger movements through the Grande Prairie Airport aligned with numbers last seen in 1981.

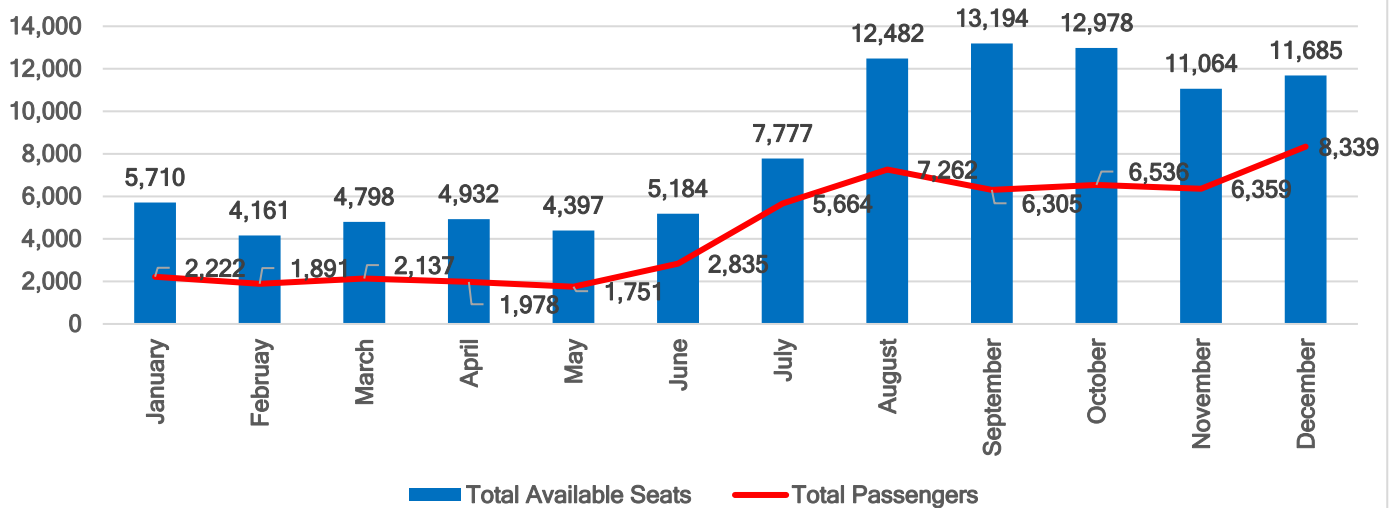


PASSENGER NUMBERS VS SEAT CAPACITY

A key component of monitoring air service in a community is by tracking load factors. The number of available seats versus passenger utilization can signal anticipated changes to service. Flights achieving 70% or higher utilization average can be considered successful. With reduced service continuing during the pandemic, the 2021 annual average load factor at Grande Prairie Airport was 52% while monthly averages varied widely between a monthly low of 39% and high of 73%.



2021 Passenger Numbers vs Seat Capacity



NEW SERVICE

While 2021 saw many hits and roll backs, there were some positives in the temporary addition of two new airlines serving the Grande Prairie Airport.

Flair Airlines

The ultra-low-cost carrier Flair Airlines started service in Grande Prairie on August 2, 2021 providing direct flights from Grande Prairie to both Vancouver and Toronto. These flights were accommodated by Boeing 737 Max 8 and 737-800 series aircraft with a maximum seating capacity of 186 people.



Unfortunately, due to fleet management requirements Flair Airlines ceased operations at the Grande Prairie Airport and other regional locations earlier than initially intended with plans to return in the future.

Central Mountain Air

Central Mountain Air arrived on the scene on June 28, 2021 providing service from Grande Prairie direct to Edmonton 8 times per week. The aircraft used was a Beechcraft 1900D capable of seating 18 people. After running for 41 days Central Mountain Air made the difficult business decision to pull back its aircraft and ceased operation due to inadequate market response on August 8, 2021.



Though the attendance of both airlines were relatively short lived, these trials lay the groundwork for routes in the future as recovery begins.

HUMAN RESOURCES

The hardest part of this pandemic has been seeing the impact that the pandemic has had on our people. Through terminations and temporary layoffs, there were only 23 staff members in January 2021 compared to 51 in January 2020. With the reopening of the Viewpoint Restaurant in July, 2021 and rehiring of some terminal service agents, staffing levels rose to 30 people at the end of 2021.

TERMINAL SERVICES

The 2021 year for Terminal Services was quite different as the Covid-19 pandemic continued globally. Roughly 70% reduction in scheduled flights forced the Grande Prairie Airport to make drastic changes in order to continue to operate during this challenging time. Staff layoffs and department closures to maximize current levels of funding were necessary to keep critical infrastructure operational.

In early 2021 management made the decision to limit terminal building hours. The air terminal building was restricted to passengers only and was closed between flights. Decreased foot traffic in the building reduced the potential of COVID-19 exposure to staff. Limiting the air terminal building to passengers only provided the ability for social distancing in the attempt to make travelers feel more comfortable inside the air terminal building.

Strict cleaning and sanitizing procedures were conducted to keep staff, tenants and the travelling public as safe and protected as possible along with the installation of sneeze shields, floor decals, and appropriate COVID-19 informational signage. Electrostatic sanitizing and disinfecting units were purchased to ensure the terminal was as clean as possible and we increased procurement of PPE to keep our staff safe and protected.



With reduced staffing levels, remaining staff were cross trained and utilized in several different airport departments. The cross training also ensured coverage for areas effected by COVID-19 protocols.

As we moved into the latter part of summer scheduled flights increased requiring us to rehire 50% of our terminal service agents to meet our level of service requirements.

OPERATIONS

In August 2021 Transport Canada introduced a new runway reporting system, GRF (Global Reporting Format) which was a significant change in how we complete our winter runway reporting. This format was developed by the International Civil Aviation Organization (ICAO) to ensure winter runway conditions are reported in an identical manner across the globe. The Grande Prairie Airport was involved with the implementation of this system from the beginning, participating in regulatory draft committees, planning meetings and was named a test site for the last two winter seasons prior to implementation.

With air traffic at an all-time low, management strategized to reduce operating costs. Changes to winter maintenance operations included closing the secondary runway during inclement weather and closing 75% of the long-term parking lot. These changes reduced fuel consumption, equipment maintenance costs, and ice control chemicals while still keeping our core infrastructure operational.




Reduced flights and passenger numbers permitted the Grande Prairie Airport to reduce aircraft fire fighting from a Category 6 to a participating Category 5 airport status with Transport Canada. This move enabled us to revert to a single vehicle incident response, resulting in further reducing fuel, staffing and maintenance cost. This reduction **does not affect** the safety of aircraft or passengers that use the Grande Prairie Airport.

CAPITAL PROJECTS

When the financial outlook for 2021 projected a deficit, the decision had been made to freeze all capital projects, however the Federal Government announced temporary changes to the Airport Capital Assistance Program (ACAP) which allowed the Grande Prairie Airport to become eligible for up to 50% funding for capital projects compared to 25% funding pre-pandemic. Due to this announcement, the Grande Prairie Airport proceeded with three ACAP projects, a generator replacement and airside signage project and a sand shed replacement resulting in receiving \$518,781 in ACAP funding.

2021 Capital Projects completed:

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- **Replacement of Mandatory Airside Signage**
 - Project Cost of \$208,268
 - ACAP Funding of \$104,134
 - **Replacement of Genset in the Field Electrical Building**
 - Project Cost of \$577,526
 - ACAP Funding of \$288,763
 - **Replacement of Sand Storage Building**
 - Project Cost of \$251,768
 - ACAP Funding of \$125,884
 - **Replacement of the Hot Asphalt Melting Kettle**
 - Project Cost of \$34,900

Replacement of Airside Signage

The replacement of airside signage project was initiated by the Grande Prairie Airport as part of the long-term capital plan to provide the highest level of safety for aircraft. The work involved the replacement of all mandatory airside instruction and information signage to meet new aerodrome regulatory standards.



Replacement of Standby Power Generator

The replacement of the standby power generator, switch gear and associated equipment in the Field Electrical Center, as well as the replacement of the cable feed for emergency power to the Air Terminal Building. The generator had reached its life cycle of 30 years and the emergency power cable was approximately 42 years old. This is a safety critical system that provides secondary power to the airport in the event of an electrical utility failure.

Replacement of Sand Storage Building

The replacement of the current structure, built 40+ years ago, was required to accommodate the proper storage of sand used on aircraft movement areas.

The specialized sand must meet Transport Canada regulatory standards, which include heated, independent storage. This building increased our sand storage capacity from 300 tons to 600 tons of product.



Replacement of Hot Asphalt Melting Kettle

The hot asphalt melting kettle is used for melting asphalt product used in the annual crack filling maintenance program. Annual crack filling stops water from penetrating under the asphalt surface to maximize asphalt lifecycle. This new asphalt melting kettle replaced the current unit which had reached the end of its lifecycle.



OPERATIONAL BUDGET HIGHLIGHTS

Revenue

Due to the slow recovery of air travel in 2021, the Grande Prairie Airport continued to experience much lower revenues than pre-covid times. In the fall of 2021, the Federal Government identified a new program, the Regional Air Transportation Initiative (RATI), aimed at the reinstatement and enhancement of regional air service to support recovery of air service to rural and isolated regions impacted by the pandemic. The Grande Prairie Airport was successful in receiving \$1,415,200 of program funding.

Although the 2021 Audited Financial Statements indicate a 41% increase in revenues over 2020, had the Grande Prairie Airport not received the RATI funding, revenues would have shown a slight decrease (-1%) over the previous year. Passenger Facility Fee revenues also decreased by 4.5% compared to 2020.

Expenses

By reducing maintenance, operating with lower staffing levels, and a continued 10% rollback in staff wages, operating expenditures were decreased overall in 2021 by 15.5% compared to 2020. The Grande Prairie Airport was also successful in maintaining eligibility for the Canadian Emergency Wage Subsidy (CEWS), receiving \$800,000 compared to \$1,203,000 in 2020.