

VANCOUVER AIRPORT AUTHORITY
2009 ANNUAL & SUSTAINABILITY REPORT

Vancouver Airport Authority: Who We Are

MISSION	To serve our community by building outstanding airports
VISION	YVR: A Premier Global Gateway The Airport Authority: Local Champion, Global Operator
VALUES	Excellence in safety, security and environmental performance Commitment to a low-cost, high-value airport Innovation and creativity Teamwork and loyalty Operational excellence, with leading-edge service

Vancouver Airport Authority is a community-based, not-for-profit organization that has managed and developed Vancouver International Airport (YVR) since 1992 under the provisions of a long-term lease with the Government of Canada. The Airport Authority has no shareholders and reinvests all earnings into airport development and service improvements.

The Airport Authority has 416 employees (as of year-end 2009) and a Board of 14 Directors. Nine Board members are appointed by eight nominating entities with key ties to the local community. Up to five additional Directors may be appointed by the Board from the community at large. The President and Chief Executive Officer also serves as a Director.

Our Accountability

The Airport Authority is committed to being open and accountable to you, our stakeholders, and providing comprehensive information about our sustainability initiatives and goals in all areas of our business: Economic, Environment, Governance and Social.

The **ECONOMIC** section details our financial planning, customer satisfaction ratings, capital projects and key issues for success. It also includes the Airport Authority's Financial Statements.

The **ENVIRONMENT** section contains data from our environmental management programs, including aeronautical noise, air quality, contaminated sites, environmental impact assessments, hazardous materials, natural habitat, energy and resources, waste reduction and recycling as well as water quality.

The **GOVERNANCE** section features information on our governance practices, our planning process and our current Board of Directors and Executive Committee.

The **SOCIAL** section presents information on our people and people practices, including health and safety, career development, our community investment program, and our stakeholder and community engagement initiatives and results.

This year we are taking a more sustainable approach to our reporting by offering our complete annual report and sustainability report online only. A printed copy can be sent upon request.

Building For a Gold Medal Performance

Canada's second busiest airport, Vancouver International Airport (YVR) welcomed 16.2 million passengers in 2009, saw more than 258,000 aircraft take-offs and landings on our runways and handled 198,422 tonnes of cargo. Sixty-seven airlines served YVR, including scheduled carriers, charters, code share flights and cargo carriers, which provided travellers and businesses access to 119 destinations.

Preparation was a key theme in 2009 as our city, province and country geared up for an event to put British Columbia and Canada on the world podium: the Vancouver 2010 Olympic and Paralympic Winter Games. From the outset, we knew that YVR would provide the first and last impression of Vancouver and the 2010 Winter Games to visitors and athletes alike. Our goal was not only to make sure the travel process at the airport was smooth and seamless, but to create an atmosphere that was both welcoming and energetic. From in-terminal entertainment and dressing up the terminal buildings to engaging our employees, plans and preparations in 2009 centered on providing a smooth, memorable and fun experience unlike any other Olympic airport. And while Canadian athletes were committed to owning the podium, YVR was determined to deliver the best airport arrival and departure experience in Olympic Games history.

To enhance the customer experience at YVR new facilities were added in 2009 including Canada Line - a rapid transit rail network connecting the airport to downtown Vancouver and Richmond, a five-gate expansion in the Domestic Terminal, a Public Observation Area, an expanded retail and food court in the before-security area of the Domestic Terminal and an enhanced International Arrivals Greeting Area.

Delivering an award-winning airport experience requires hard work from our employees and sound direction from our management team. In 2009 we met all our business plan objectives such as maintaining our strong financial core during the global economic recession. As a result of our conservative long-term approach to financial planning and management, we weathered the economic downturn with an excess of revenue over expenses of \$38.8 million.

People are at the heart of what we do. Ensuring each and every customer at our airport has a positive experience is key to our success. We implemented initiatives and worked with our communities throughout 2009 to improve customer care, enhance the Airport Authority's standing in the community and continue our strong relationship with our employees.

2009 Awards and Recognition

Vancouver International Airport provides the first and last impression of British Columbia with art and architecture reflective of our landscape and people; it also continues to be recognized as an outstanding airport for its commitment to customer care, employees, and facilities:

AIRPORT OF CHOICE

- No.3 airport in North America in a survey of international passengers conducted by U.K.-based Skytrax

- No. 5 airport in the world (in the 15 million to 25 million passengers category) in Airports Council International's 2009 global airport survey of international passengers
- No.7 airport in the world by Lonely Planet

A GREAT PLACE TO WORK

- For the fourth consecutive year, one of B.C.'s top 50 places to work in a survey by Mediacorp Canada Inc.

BEST AIRPORT SERVICES

- No.2 Best Green Concession Practice or Concept winner in the Airports Council International – North America excellence in airport concession awards for the Domestic Terminal C-Pier expansion
- First place winner in Airports Council International – North America marketing awards for the Airport Authority's 2008 Media Guide

Message from the Chair

My message to you this year is particularly personal for me, as it is my last as Chair of Vancouver Airport Authority.

While I have been Chair since 1997, and a member of the Board of Directors since YVR became Canada's first community-based airport authority in 1992, my connection with this remarkable organization dates back to the 1980s when a number of individuals and organizations in our community went to work to devolve YVR from the Government of Canada.

At the time, we were convinced that a local airport authority could unlock the tremendous potential of this unique domestic and international gateway to British Columbia. Today, as I look back over the past 18 years, I believe that Vancouver Airport Authority has delivered on that vision, creating a truly outstanding airport with a distinctive corporate culture, one in which British Columbians can take a great deal of pride.

As someone who has watched the growth and evolution of this airport for nearly two decades, I am deeply proud of its accomplishments and the team of people responsible for its ongoing success and commitment to our community, province and country. You see, YVR counts on the talent and expertise of its board, senior management, employees and volunteers each and every day, allowing us to deliver a genuinely west coast passenger and visitor experience.

While each year has its own particular milestones, 2009 is memorable for the preparations we made to welcome the world to the 2010 Olympic and Paralympic Winter Games. The time and effort that went into getting us ready for the busiest days in YVR's history culminated in a truly gold medal performance by the entire airport team.

The critical role YVR played in the 2010 Games reminds me of the even larger role the airport plays in the economy of British Columbia and Canada. As one of our province's largest and most efficient economic engines, the economic impact of this airport amounts to more than \$3.1 billion annually.

As I prepare to wrap up my time as Chair, I want to thank my colleagues on the Board of Directors for their inspiration, dedication and friendship. I also want to acknowledge the daily leadership shown by our President and CEO, Larry Berg. Over the years, Larry has put together a first-rate management team, and together, with all of the employees and volunteers at YVR, they operate one of the world's great airports.

Looking ahead, I believe that the Airport Authority, like all successful organizations, will always be a work in progress. For me, that constant striving to improve is at the core of our achievements. And it's one of the reasons why it has always been an honour and a pleasure for me to serve our community and province as part of the airport family.

Graham Clarke
Chair
Vancouver Airport Authority

Message from the President and Chief Executive Officer

In 2009 we met significant milestones and finalized plans to welcome the world for the 2010 Winter Games—all in a very difficult economic climate. Despite the year's hurdles, we achieved what we set out to do: we completed several major capital construction projects; enhanced our customer care programs; welcomed the first Canada Line train; and continued to develop YVR as a gateway.

Around the world, airlines and airports felt the impact of the global economic recession. We saw passenger numbers at YVR decrease to 16.2 million—a nine percent decline over 2008. The Airport Authority reacted quickly to the drop in passenger numbers, adjusting our operating and capital spending.

The big event on everyone's mind in 2009 was the 2010 Winter Games. We knew that the Games would represent a moment when the whole world would be watching; when nothing but the best would do. We practiced our plans and systems during test events and learned some valuable lessons. The first was that athletes don't travel light – they carry an average of seven bags apiece, many of them oversized – and the second was that as soon as the Olympic flame is extinguished, everyone wants to get home; March 1, 2010 was flagged to be the busiest day in our history.

At the time of this publication, the Vancouver 2010 Olympic and Paralympic Winter Games have come to a close and I'm extremely proud of our performance. We delivered a gold medal experience by making the arrivals and departures processes friendly, easy and efficient for Olympic, Paralympic and non-Games customers. Our expanded Green Coat team and other volunteers were visible throughout the terminals helping travellers, our facilities were fully operational, and we handled all the oversized luggage demands seamlessly throughout the Games period.

Amidst all our preparations for the Games, we also completed a number of significant capital projects. As part of our \$1.4 billion capital program launched in 2005, we opened six new facilities including the Canada Line rapid transit system, the International Arrivals Public Greeting Area, Link Building Level 3, C-Pier gate expansion and retail area, Public Observation Area and Domestic Terminal restaurant and retail area. They weren't built specifically for the Games, but our Games-time visitors certainly enjoyed them and they form a lasting legacy for British Columbia.

The Canada Line demonstrated how joint venture partners can come together to achieve a common goal: in this case, to provide a sustainable and efficient public transit system. Since its launch, the Canada Line has higher passenger numbers than anyone expected—and it's easy to see why. It's a convenient, affordable and accessible way to travel between Vancouver, Richmond and YVR.

We successfully focused on our gateway strategy, which emphasizes travel to and from, and business with Asia. The result was an open skies agreement with Korea, the Transit without Visa program for nationals of Taiwan, Philippines, Indonesia and Thailand, and a trial Transit without Visa program for China. The Transit without Visa program is an important part of our business

strategy as it promotes travel through Vancouver from all parts of Asia to the United States, and encourages airlines to add routes through YVR.

Anyone who walked around Vancouver, Richmond or Whistler in February and March of 2010 can see that the Olympic and Paralympic Winter Games are more than operations and logistics. They're about people and community. Our success throughout 2009 and during the 2010 Winter Games is a result of the tireless hard work of our employees, the commitment of our volunteers, leadership from our management team, support from our business partners and direction from our Board. I thank everyone for their efforts in delivering a memorable event.

On a personal note, I want to extend my thanks and appreciation to Graham Clarke who is stepping down as the Chair of Vancouver Airport Authority this spring. Graham has always worked to make sure we stay true to our vision of being both a gateway and a local airport authority. Part of that vision is a pride in our province and in working with the community to be a significant contributor to B.C.'s economy.

Larry Berg
President and Chief Executive Officer
Vancouver Airport Authority

VANCOUVER AIRPORT AUTHORITY
2009 ECONOMIC REPORT

FINANCIAL AND OPERATING HIGHLIGHTS (2000-2009)

Year	Revenue (millions)	Operating Expenses (millions)	Ground Lease (millions)	Excess of Revenue over Expenditures (millions)	Net Assets (millions)	Capital Expenditures for the Year (millions)	Passengers (millions)	Aircraft Runway Take-offs and Landings (thousands)	Cargo Handled (thousands of tonnes)
2009	359.1	256.7	65.6	38.8	972.8	223.2	16.2	258	198.4
2008	373.8	236.3	65.6	81.8	934.0	233.1	17.9	278	211.3
2007	368.3	212.2	65.6	89.5	852.2	289.7	17.5	274	226.2
2006	363.8	190.2	65.7	107.8	762.3	315.9	16.9	271	223.1
2005	329.8	176.7	78.7	74.4	654.6	137.6	16.4	275	222.6
2004	276.9	158.5	73.9	44.5	580.2	123.0	15.7	270	230.0
2003	246.0	154.1	66.3	25.6	535.6	55.0	14.3	250	215.8
2002	248.5	142.7	66.3	39.5	510.0	44.7	14.9	258	234.9
2001	266.9	138.5	67.8	60.6	470.5	97.8	15.5	274	228.7
2000	252.7	131.8	63.9	57.1	409.9	66.6	16.0	295	251.8

Financial Planning

The soundness of the Airport Authority's financial planning is reflected in our consistently high credit ratings, which are among the best in the world. Both Standard & Poor's and Dominion Bond Rating Service confirmed the Airport Authority's ratings at AA and AA (Low), respectively, in 2009.

Other than the Hong Kong International Airport which is rated AA+, the Airport Authority shares this second highest AA rating with three other airports: Los Angeles International Airport, Chicago's O'Hare International Airport and Oklahoma City's Will Rogers World Airport.



2009 RESULT: Achieved

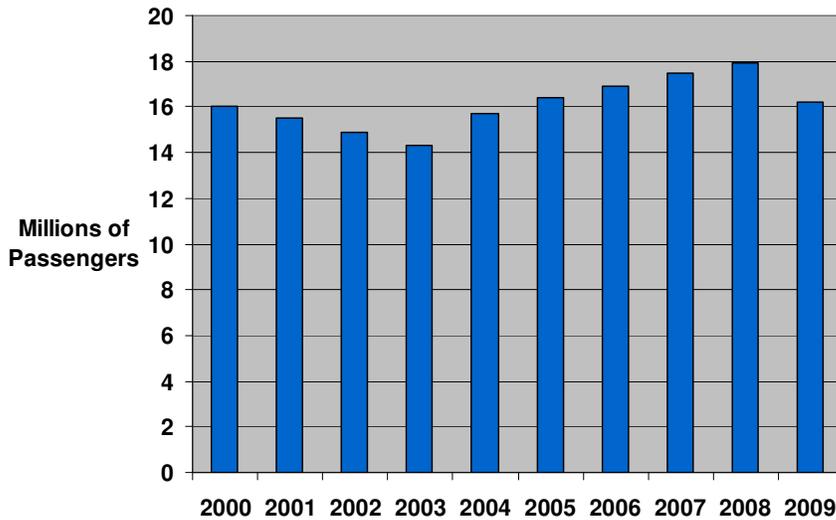


2010 TARGET: Maintain a rating of AA minus or better

Passengers

In 2009, YVR welcomed 16.2 million passengers, representing a 9.4 percent decrease over the previous year due to the global recession of 2009. Visit the [facts and statistics](#) page on our website for detailed passenger, cargo and aircraft take-off and landing numbers.

Vancouver International Airport Passengers (2000-2009)



Customer Care & Simplified Travel

Vancouver Airport Authority is committed to ensuring that every customer has the best possible experience at YVR. Each year, the Airport Authority takes a proactive approach to continually enhance customer care at YVR. In 2009, additional language line telephones were installed providing access to more than 170 languages at over 30 locations throughout the airport.

Providing the help and information our customers need is central to creating a positive travel experience. To ensure that every question is answered, YVR's successful Green Coat volunteer program expanded in 2009 from 200 to 400 volunteers, providing support at numerous locations before and after security.

Employee training is a significant component of our customer service initiatives. More than 3,000 employees at YVR - from government agencies to Vancouver Airport Authority - completed the airport-wide customer care training program in 2009. In addition, 3,225 employees from organizations across Sea Island participated in the *Get Your Game Face On* workshop, which provided airport-specific training for the Vancouver 2010 Winter Olympic and Paralympic Winter Games.

The Airport Authority knows that part of delivering an outstanding experience means providing a smooth process at the airport; our customers want to get through YVR quickly and easily and we are working to make airport processes simpler. Programs such as offsite and onsite self-service check-in, cruise ship on-board check-in, U.S. Direct, automated border clearance with NEXUS, and expedited pre-board screening lanes put passengers on the FasTrack.

In 2009, the Airport Authority implemented two new processes to help with a smooth arrival and departure experience. We launched Automated Border Clearance, which offers returning Canadian citizens and permanent residents use of a self-service kiosk to quickly and easily clear the border. To improve the departures process for U.S.-bound travellers, we opened Security in Advance of Preclearance - a new facility that enables passengers to drop off their bags before going through security screening and U.S. Customs and Border Protection.

Shops and Services

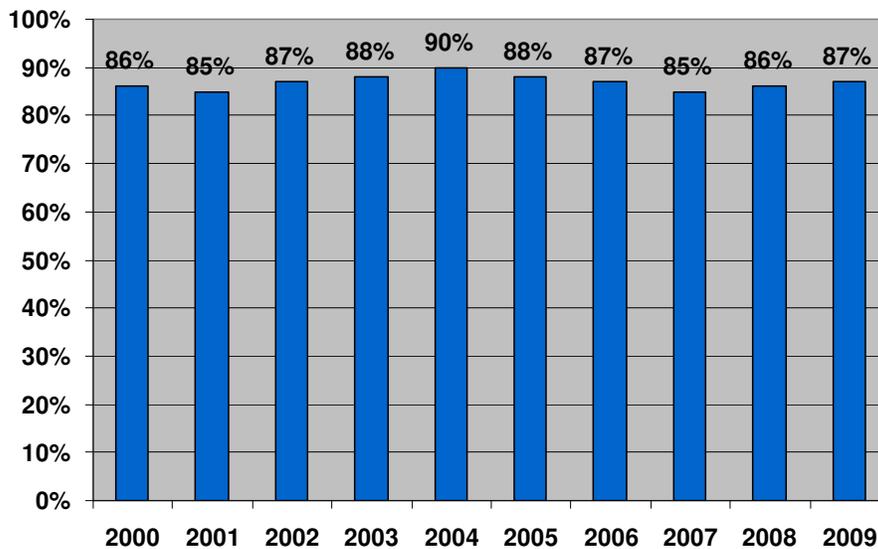
YVR's award-winning retail program continued its expansion in 2009 with the addition of 20 duty-free and specialty retail shops, 14 food and beverage outlets and four services. Highlights of the expansion included an enhanced shopping experience in the airport's new Domestic Terminal C-Pier area and a new before-security food court in the Domestic Terminal, featuring breathtaking views of the airfield and the Strait of Georgia.

Customer Feedback

Caring for our customers and providing an outstanding airport experience are central to our business philosophy and economic success. In 2009, we continued our focus on maintaining a leadership role in how we serve each and every visitor to our airport.

The Airport Authority uses quarterly customer satisfaction surveys conducted by an independent consulting firm to track customer service at YVR. In surveys of more than 2,900 passengers in 2009, YVR was awarded an average satisfaction rating of 4.2 out of 5.

OVERALL CUSTOMER SATISFACTION RATINGS (2000-2009)



YVR : Connecting The World

2009 Destinations

B.C.

Anahim Lake
Bella Bella²
Bella Coola
Campbell River
Castlegar
Comox
Cranbrook
Dawson Creek
Fort Nelson²
Fort St. John
Gabriola Island
Ganges Harbour
Gillies Bay
Kamloops
Kelowna
Lyll Harbour
Maple Bay
Masset
Miner's Bay
Montague Harbour
Nanaimo
Nanaimo Harbour
Penticton
Port Hardy
Port Washington
Powell River
Prince George
Prince Rupert
Qualicum Beach
Quesnel
Sandspit
Sechelt
Silva Bay
Smithers
Telegraph Harbour
Terrace
Tofino
Trail
Victoria
Victoria Harbour
Williams Lake

CANADA

Calgary
Edmonton
Fort McMurray
London
Montreal
Ottawa
Regina
Saskatoon
Toronto
Whitehorse
Winnipeg
Yellowknife

U.S.A.

Anchorage
Atlanta
Chicago
Dallas
Denver
Detroit
Honolulu
Houston
Kahului (Maui)
Kona (Hawaii)
Las Vegas
Lihue (Kauai)
Los Angeles
Memphis
Minneapolis
New York (JFK)
Newark
Palm Springs
Phoenix
Portland
Salt Lake City
San Diego
San Francisco
Seattle

MEXICO

Cancun
Huatulco^C
Ixtapa/Zihuatanejo
Manzanillo^C
Mazatlan^C
Mexico City
Puerto Vallarta
San José del Cabo

ASIA

China

Beijing
Hong Kong S.A.R.
Shanghai

Japan

Tokyo

South Korea

Seoul

Philippines

Manila

Singapore²

Taiwan

Taipei

EUROPE

France

Paris^C

Germany

Dusseldorf^C
Frankfurt
Munich^C

IrelandDublin^c**Italy**Rome^c**Netherlands**

Amsterdam

Spain

Barcelona

SwitzerlandZurich^c**United Kingdom**Glasgow, Scotland^cLondon, England (Gatwick)^c

London, England (Heathrow)

Manchester, England^c**LATIN AMERICA****Costa Rica**Liberia^c**Cuba**

Havana

Holguin^cSanta Clara^cVaradero^c**Dominican Republic**Puerto Plata^cPunta Cana^cSanto Domingo^{2c}**Honduras**La Ceiba^c**Jamaica**

Montego Bay

OCEANIA**Australia**

Sydney

FijiNadi¹**New Zealand**

Auckland

¹ *Via Honolulu*² *One stop en route*^c *Charter service only*

Facilities to Welcome the World

Providing the necessary services and facilities positions YVR as a global gateway; welcoming the world today and in the future is central to the Airport Authority's capital plan. In 2009, we invested \$223.2 million in capital projects. The projects were all delivered on time and under budget, including:

CANADA LINE

The Airport Authority was a funding partner with TransLink and the provincial and federal governments in the Canada Line rapid transit project connecting YVR with Richmond and downtown Vancouver. Work was completed and the system went into operation on August 17, 2009, three and a half months ahead of schedule.

C-PIER EXPANSION

The Domestic Terminal's C-Pier facilities were some of the oldest at the airport and work on a five-gate expansion of C-Pier was completed in 2009, with the exception of the renovation of an existing restaurant. This work will be undertaken in 2010 following the 2010 Winter Games.

LINK 2

The Link 2 Project completes the redevelopment of the area between the Domestic and International Terminals which began with the Link Project. Link 2 has improved access to C-Pier as well as providing additional office space for Airport Authority employees on Level 5.

DOMESTIC TERMINAL LEVEL 3-4 ENHANCEMENTS

To accommodate Hold Baggage Screening (HBS) equipment that screens baggage carried into the hold of aircraft, the Domestic Terminal was expanded to the west, leaving space above the HBS open for development. The new space includes an expanded retail area with new dining and shopping options on Level 3 as well as a public observation area and interactive exhibits on Level 4. This first phase of the project was completed in 2009. A small second phase will begin after the 2010 Winter Games and will be completed by year end.

SECURITY IN ADVANCE OF PRECLEARANCE

The Security in Advance of Preclearance Project involved reconfiguring passenger processing through the U.S.A departures area of the International Terminal. This project was completed and went into operation in September 2009.

INTERNATIONAL ARRIVALS AREA

In 2008 the Airport Authority completed the first two phases of an upgrade to the International Arrivals Area. The project incorporated an enhanced Customer Care Information Counter, raised ceilings, upgraded lighting, heating, ventilation and enhanced wayfinding. Improved services for arriving passengers were added including visual paging, live video feeds and translation services via phone. The final phase of the project was completed in November 2009.

WINTER OPERATIONS

In April 2009, the Airport Authority approved a two-pronged project to improve winter operations at YVR. The first was the construction of a new de-icing bay suitable for one wide-bodied or two narrow-bodied aircraft. The second aspect of the project involved the purchase of new de-icing vehicles and new snow removal equipment.

SOUTH AIRFIELD UPGRADES

The Airport Authority began a three-year phased project in 2009 to upgrade the lighting system for low visibility operations on the South Airfield. When completed, the new system will have enhanced lighting for all entrances to the south runway as well as inset centre-line lights on all taxiways and aprons for low visibility conditions. The first phase of this project was completed in the summer of 2009 with total completion set for 2011.

TEMPLETON PARKING PROJECT

The Templeton parking project is a 2500-stall employee parking lot on land immediately north of Canada Line's Templeton Station. This project consolidated employee parking into one location from several locations and reduced the Airport Authority's bussing costs. The new lot is fenced, well lit and has full coverage from CCTV cameras. The project was completed in November 2009.

Key Issues for our Success

To continue to expand YVR as a global gateway, the Airport Authority focuses on key initiatives to achieve success.

Gateway Competitiveness

To remain competitive, we continue to seek ways to remain a low-cost, high-value airport. We advocate for policy changes that include the expansion of international agreements to ensure that YVR remains a key global player.

Vancouver Airport Authority provides ongoing advocacy for the implementation of the federal government's 2006 Blue Sky International Air Policy. In 2008, the federal government negotiated a more liberal agreement with the European Union and in 2009 signed an open skies agreement with Korea. The Airport Authority continues to lobby for further open skies agreements with Asian nations to expand YVR's role as Canada's Asia-Pacific Gateway.

Border and Facilitation: Trusted Traveller Programs and Automated Border Clearance

Providing a smooth and seamless travel process for every passenger visiting YVR supports our gateway competitiveness goals as well as our customer care goals. Working with our business partners, we completed and implemented Automated Border Clearance in 2009 - a new process enabling returning Canadian residents to move quickly and easily through the customs hall.

China: Transit Without Visa, Approved Destination Status and Guangzhou Visa Office

China is a key market for YVR and the province of British Columbia. A pilot program entitled Transit Without Visa allows Chinese nationals travelling from specific Chinese cities to transit through Canada en route to the United States without a Canadian Visa, is now in limited operation.

The Airport Authority continues to pursue the Gateway strategy by encouraging travel between Asia and North America. In 2009, the Chinese Government announced its decision to grant Canada Approved Destination Status (ADS) - a designation that makes it easier for Chinese nationals to visit Canada. Working with various partners, Vancouver Airport Authority also continues to advocate for a visa office in Guangzhou.

Maintaining Profitability

Keeping our costs low is essential in attracting and maintaining existing business partners. YVR has the lowest landing fees of any major airport in Canada and we keep them low through our non-aeronautical revenue.

We also expanded land and cargo opportunities in 2009. The Airport Authority continued work on the redevelopment of the Grauer and Russ Baker Way lands by obtaining a 20-year ground lease extension from Transport Canada. We also furthered the YVR cargo gateway strategy by actively pursuing Asian and European cargo and freight partners.

Arrivals Duty Free

Duty free sales are an important source of non-aeronautical revenue and help the Airport Authority keep airline fees and charges low. Allowing the sale of duty free goods upon arrival at Canadian airports would repatriate sales and the accompanying jobs and revenues to Canada and add convenience for passengers. In our dealings with the federal government, Vancouver Airport Authority continues to advocate on behalf of this initiative along with business partners and other Canadian airports.

The Sustainable Airport

The Airport Authority takes a sustainable approach to all our business planning and measures each decision within the four pillar framework – Economic, Environmental, Governance and Social. With the completion of a detailed 2009-2013 environmental management plan, we continue to improve our programs to reduce emissions, energy consumption and waste.

Economic Impact

Vancouver International Airport is an important economic generator for B.C. An economic impact study conducted in 2005 found that YVR's 23,800 person-years of direct employment generate \$1.7 billion in direct Gross Domestic Product (GDP) value added. The total GDP (including indirect and induced) related to the airport is \$3.1 billion, and total output is \$6.8 billion. Highlights of the [2005 economic impact study](#) can be found on our website.

Financial Review

The Airport Authority earns revenue from three main sources:

- Aeronautical revenue – the Airport Authority collects landing and terminal fees to recover the operating and capital costs related to airline operations. This revenue amounted to \$122.3 million in 2009, down from \$129.0 million in 2008, as a result of the year over year declines in aeronautical landed weight and capacity of 6.0% and 7.1%, respectively. There were no aeronautical rate increases in 2009.
- Non-aeronautical revenue – this includes revenue from concessions, such as duty-free and car rentals, as well as car parking, grants and terminal and land rents. Revenue from these sources decreased slightly to \$150.2 million in 2009, down from \$152.1 million in 2008, due mainly to the negative impact of the 9.4% decline in 2009 passenger traffic over 2008 on passenger-driven concession sales and parking revenue and a lease inducement negotiated with a concession operator. The declines were partially offset by the growth in land and building rental, grant and interest revenue.
- Airport Improvement Fee (AIF) – the revenue earned from aeronautical and non-aeronautical sources is not sufficient to cover both the costs of operating the airport and the required capital projects. To fund these capital projects, the Airport Authority collects an AIF. Total revenue earned from the fee in 2009 was \$86.5 million, down 6.6% from \$92.6 million in 2008. The decrease was due mainly to the 9.4% decline in 2009 passenger traffic over 2008. The percentage decline in AIF was less than the total decline in passengers due to a decline in the ratio of connecting passengers who are exempt from paying the AIF.

Non-AIF revenue goes towards covering the costs of operating the airport, which includes salaries, wages and benefits, materials, supplies and services, and payments in lieu of taxes and insurance. In 2009, these costs increased to \$132.0 million from \$129.3 million in 2008. These increases were due mainly to the full year of maintaining the new facilities that came into service in 2008, and new facilities that came into service during 2009, as well as the preparation to provide for a positive and memorable experience for all users of Vancouver International Airport during the Vancouver 2010 Olympic and Paralympic Winter Games.

The Airport Authority uses a portion of its non-AIF revenue to pay rent to the federal government, which, on a cash basis, amounted to \$51.6 million in 2009, down from \$66.4 million in 2008.

The total cash needed to pay for capital projects can exceed the amount available after payment of operating costs, ground lease and interest costs. In these situations, debt financing is required. The Airport Authority takes a conservative approach to debt levels and strives to achieve a reasonable balance between debt and sources of revenue. Debt carries an annual interest payment, which in 2009 amounted to \$32.7 million, up from \$31.6 million in 2008. The increase was due to the Airport Authority's reliance upon its bank facility to fund capital projects, which are described below.

As required under generally accepted accounting principles and in the statement of operations, the cost of capital projects is spread over the useful life of the projects, as opposed to being

recognized as total cash paid for the projects in the current year. This spreading of cost over the useful life is reflected as amortization on the statement of operations, which is a non-cash charge. Total amortization in 2009 amounted to \$92.0 million.

The Airport Authority realized \$6.3 million in dividend revenue as a result of the sale of 50 percent of the shares of YVR Airport Services to Citi Infrastructure Investors. These gains were partially offset by an additional \$2.1 million write down on the Airport Authority's holdings of floating rate notes associated with the asset backed commercial paper restructuring due to a credit rating downgrade on a portion of the portfolio as well as an adjustment to the valuation model to recognize the uncertainties regarding future cash flows.

Total excess of revenue over expenses, which includes amortization, was \$38.8 million in 2009, down from \$81.8 million in 2008. When amortization, a non-cash item, is removed, the Airport Authority generated \$130.8 million of net cash flow, prior to its investment in capital projects as described below.

During 2009, the Airport Authority invested \$223.2 million in capital projects. The capital projects included the Pier C Expansion, De-icing Pads and Equipment, Transborder Pre-Security Baggage Check-In, the Link Building Expansion, the Domestic Terminal Building Level 3 retail and food court area, Level 4 Public Observation Area and the airport portion of the Canada Line.

In order to pay for these capital projects, the following amounts were used:

- Net cash flow (excluding AIF) of \$48.0 million.
- Net AIF in the amount of \$83.0 million.

These amounts in total were insufficient to pay for the 2009 capital project costs. During 2009, the Airport Authority borrowed \$92.2 million on its bank facility to fund capital expenditures.

[Unaudited Non-Consolidated Financial Statements of Vancouver Airport Authority](#)

Financial statements for Vancouver Airport Authority's operations at Vancouver International Airport are provided in the Unaudited Non-Consolidated Statements.

[Audited Consolidated Financial Statements of Vancouver Airport Authority](#)

Financial statements for all operations of Vancouver Airport Authority, including YVR Airport Services Ltd. and YVR Project Management Ltd., are provided in the Audited Consolidated Statements.

Unaudited Non-consolidated Financial Statements of

**VANCOUVER
AIRPORT AUTHORITY**

Years ended December 31, 2009 and 2008

VANCOUVER AIRPORT AUTHORITY

Unaudited Non-consolidated Statement of Financial Position
(In thousands of dollars)

December 31, 2009 and 2008

	2009	2008
Assets		
Current assets:		
Accounts receivable (note 3)	\$ 20,752	\$ 22,631
Other receivables	4,502	3,929
Prepaid ground lease	-	16,074
Current portion of net investment in lease	451	375
Other current assets	13,897	8,911
	<u>39,602</u>	<u>51,920</u>
Net investment in lease (note 4)	9,333	9,785
Long-term receivables (note 5)	346	641
Investment in subsidiary (note 6)	52,570	52,570
Capital assets (note 7)	1,687,894	1,558,832
Other long-term assets (note 8)	17,248	7,368
Other long-term investments (note 9)	19,133	21,265
	<u>\$ 1,826,126</u>	<u>\$ 1,702,381</u>
Liabilities and Net Assets		
Current liabilities:		
Bank indebtedness (note 10)	\$ 131,922	\$ 38,325
Accounts payable and accrued liabilities	72,110	76,438
Current portion of deferred revenue	3,158	4,803
Current portion of other long-term liabilities	6,000	1,000
Current portion of deferred ground lease payments	2,053	2,053
	<u>215,243</u>	<u>122,619</u>
Deferred revenue	3,340	4,175
Other long-term liabilities (note 11)	-	1,000
Deferred ground lease payments (note 12)	10,264	12,317
Deferred capital contributions (note 13)	77,546	81,568
Debentures (note 14)	546,909	546,688
	<u>853,302</u>	<u>768,367</u>
Net assets:		
Invested in capital assets (note 15)	1,063,439	930,576
Unrestricted net assets (deficiency)	(90,615)	3,438
	<u>972,824</u>	<u>934,014</u>
Commitments and contingencies (note 19)		
Guarantees (note 23)		
	<u>\$ 1,826,126</u>	<u>\$ 1,702,381</u>

See accompanying notes to unaudited non-consolidated financial statements.

VANCOUVER AIRPORT AUTHORITY

Unaudited Non-consolidated Statement of Operations
(In thousands of dollars)

Years ended December 31, 2009 and 2008

	2009	2008
Revenue:		
Landing fees	\$ 34,384	\$ 36,189
Terminal fees	87,927	92,857
Concessions	63,131	68,668
Airport improvement fees	86,509	92,585
Car parking	28,895	30,903
Rentals, fees and miscellaneous	43,156	39,334
Grant revenue (notes 13 and 15)	15,049	13,221
	<u>359,051</u>	<u>373,757</u>
Expenses:		
Salaries, wages and benefits	40,065	38,501
Materials, supplies and services	72,922	73,180
Payment in lieu of taxes, insurance and other	18,998	17,667
Amortization of capital assets	91,991	75,436
	<u>223,976</u>	<u>204,784</u>
Other expenses:		
Ground lease	65,619	65,619
Interest and financing charges	32,727	31,562
	<u>98,346</u>	<u>97,181</u>
Excess of revenue over expenses before undernoted items	36,729	71,792
Dividend revenue (note 6)	6,312	15,106
Write down of capital assets	(2,099)	-
Unrealized gain (loss) on fair value of other long-term investments (note 9)	(2,132)	(5,160)
Foreign exchange gain on other long-term liabilities	-	68
Excess of revenue over expenses	<u>\$ 38,810</u>	<u>\$ 81,806</u>

See accompanying notes to audited non-consolidated financial statements.

VANCOUVER AIRPORT AUTHORITY

Unaudited Non-consolidated Statement of Changes in Net Assets
(in thousands of dollars)

Years ended December 31, 2009 and 2008

	Invested in capital assets (note 15)	Unrestricted	2009	2008
Balance, beginning of period	\$ 930,576	\$ 3,438	\$ 934,014	\$ 852,208
Excess (deficiency) of revenue over expenses	(82,818)	121,628	38,810	81,806
Net change in invested in capital assets	215,681	(215,681)	-	-
Balance, end of period	\$ 1,063,439	\$ (90,615)	\$ 972,824	\$ 934,014

See accompanying notes to unaudited non-consolidated financial statements.

VANCOUVER AIRPORT AUTHORITY

Unaudited Non-consolidated Statement of Cash Flows
(In thousands of dollars)

Years ended December 31, 2009 and 2008

	2009	2008
Operations:		
Excess of revenue over expenses	\$ 38,810	\$ 81,806
Items not involving cash:		
Amortization of capital assets	91,991	75,436
Amortization of deferred capital contributions	(9,173)	(6,230)
Amortization of prepaid interest on bankers' acceptances	1,430	-
Amortization of discount on bonds and deferred financing costs	221	247
Amortization of other long-term assets	1,610	392
Increase in other long-term assets	(15,450)	-
Increase (decrease) in other long-term liabilities	4,000	(1,000)
Gain on disposal of capital assets	(18)	(15)
Unrealized loss on fair value of other long-term investments	2,132	5,160
Write down of capital assets	2,099	-
Foreign exchange gain on other long-term liabilities	-	(68)
Changes in non-cash operating working capital (note 24(a))	9,546	11,881
	127,198	167,609
Financing:		
Increase in bank operating line	1,862	3,114
Issuance of bankers' acceptances	217,305	35,211
Repayment of bankers' acceptances	(127,000)	-
Deferred capital contributions	5,151	3,695
Deferred ground lease payments	(2,053)	(2,053)
Repayment of promissory note	-	(21,741)
	95,265	18,226
Investments:		
Additions of capital assets	(223,152)	(233,069)
Proceeds on disposal of capital assets	18	15
Decrease in long-term receivables	295	272
Decrease in net investment in lease	376	307
Increase in other long-term assets	-	(3,643)
	(222,463)	(236,118)
Decrease in cash	-	(50,283)
Cash, beginning of year	-	50,283
Cash, end of year	\$ -	\$ -

Supplementary cash flow information (note 24(b))

See accompanying notes to unaudited non-consolidated financial statements.

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

1. Operations:

The Vancouver Airport Authority (the "Airport Authority") is incorporated under Part II of the Canada Corporations Act as a not-for-profit corporation. The Airport Authority is governed by a Board of Directors, of whom nine members are appointed by the Government of Canada and various government and professional bodies, up to five directors are appointed by the Board from the community at large, and one seat on the Board is held by the President and CEO of the Airport Authority.

The Airport Authority operates the Vancouver International Airport (the "Airport") pursuant to a lease of most of Sea Island, Richmond, British Columbia, from the Government of Canada (the "Ground Lease").

2. Significant accounting policies:

(a) Presentation and basis of accounting:

These non-consolidated financial statements have been prepared in accordance with the significant accounting policies described herein pursuant to the Trust Indenture Agreement (the "Trust Indenture") dated December 6, 1996, one Supplemental Indenture dated November 14, 2006, two dated December 7, 2006 and one dated November 14, 2007. The basis of accounting used to prepare these non-consolidated financial statements materially differs from Canadian generally accepted accounting principles ("GAAP") because the Airport Authority's wholly-owned subsidiary is accounted for using the cost method. The Airport Authority also distributes audited consolidated financial statements prepared for the same period in accordance with Canadian GAAP.

(b) Changes in accounting policies:

On January 1, 2009, the Airport Authority adopted accounting policies required under the newly issued standards by the Canadian Institute of Chartered Accountants ("CICA") relating to the following:

- (i) Section 1535, *Capital Disclosures*, specifies the disclosure of information that enables users of an entity's financial statements to evaluate its objectives, policies and processes for managing capital such as qualitative information about its objectives, policies and processes for managing capital, summary quantitative data about what the entity manages as capital, whether it has complied with any capital requirements and, if it has not complied, the consequences of non-compliance (note 22).

Future changes in accounting policy:

- (ii) The Accounting Standards Board ("AcSB") is in the process of evaluating the accounting framework options for not-for-profit organizations. An exposure draft is expected in 2010. The Airport Authority is awaiting the AcSB's decision and will evaluate the implications of the future accounting framework.

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

2. Significant accounting policies (continued):

(c) Inventory:

Inventory, which is included in other current assets, is valued at the lower of cost and net realizable value. The Airport Authority did not write down or reverse any previous write downs on its inventories. The cost of inventory recognized as an expense during the year ended December 31, 2009 was \$3,917,000 (2008 - \$1,652,000).

(d) Investment in subsidiary:

The Airport Authority accounts for its subsidiary using the cost method.

(e) Capital assets:

Capital assets are recorded at cost and amortized on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Buildings and other structures	2.5% to 10%
Runways and other paved surfaces	3.3% to 33%
Machinery and equipment	6.7% to 20%
Furniture and fixtures	6.7% to 20%
Computer equipment and software	10% to 33%

The art collection is recorded at cost and not amortized.

(f) Deferred revenue:

Deferred revenue represents premiums received from tenants at preferential locations, prepaid rents and licenses received from tenants and operators in advance, which is deferred and amortized over the terms of the related agreements.

(g) Revenue recognition:

Revenue is recognized as follows:

- (i) Aeronautical charges, which consist of landing and terminal fees, are recognized as revenue when airport facilities are utilized.
- (ii) Concession revenue is recognized based on the greater of agreed percentages of reported concessionaire sales and specified minimum rentals averaged over the term of the lease. Differences between revenue recognized and actual cash payments are recorded as lease inducement assets or liabilities.
- (iii) Revenue from Airport Improvement Fees (AIF), which is collected from passengers by air carriers, is recognized based on monthly remittances from air carriers.
- (iv) Car parking revenue is recognized when airport facilities are utilized.

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

2. Significant accounting policies (continued):

(g) Revenue recognition (continued):

(v) Grant revenue is recognized using the deferral method of accounting for contributions whereby unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. The Airport Authority does not receive any endowment contributions. Grants received to offset specific operating costs are recorded as revenue. Grants towards capital are deferred and brought into income on a basis consistent with the amortization of the related capital assets.

(h) Ground lease expense:

Ground lease expense is charged to operations on an accrual basis. The ground lease has been accounted for as an operating lease.

(i) Taxes:

Income arising from the operation of the Airport Authority is exempt from federal and provincial income taxes.

A payment in lieu of taxes is made for municipal services.

(j) Employee future benefits:

The Airport Authority has a contributory defined benefit pension plan which covers employees of the Airport Authority who, immediately prior to joining the Airport Authority, were employees of the Federal Public Service; a defined contribution plan which covers new employees who have joined the Airport Authority since June 1992; and unfunded supplemental plans which cover its senior executives along with some of its senior management and YVRAS executives.

The Airport Authority accrues its obligations under these plans as the employees render the service necessary to earn the employment benefits.

The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected accrued benefit cost method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

For the purpose of calculating the expected return on plan assets, those assets are valued at fair market value.

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

2. Significant accounting policies (continued):

(j) Employee future benefits (continued):

Actuarial gains (losses) arise from the difference between actual long-term rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gain (loss) over 10 percent of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the defined pension plan is 7.2 years.

Past service costs arising from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

(k) Financial instruments:

Recognition and measurement

Financial assets and liabilities, including derivative instruments, are initially recognized at fair value and subsequently classified into one of the following balance sheet categories:

- Held for trading financial assets and liabilities are initially measured at fair value with subsequent changes in fair value being recognized in the non-consolidated statement of operations;
- Available-for-sale financial assets are initially measured at fair value with subsequent changes in fair value being recognized in the non-consolidated statement of net assets until the instrument is derecognized or impaired at which time the amount would be recorded in the non-consolidated statement of operations; or
- Held-to-maturity investments, loans and receivables, or other financial liabilities are initially measured at fair value with subsequent changes measured at amortized cost utilizing the effective interest rate method.

Classification of financial instruments:

The following is a summary of the classification applied to each of the Airport Authority's financial instruments:

Accounts receivable	Loans and receivables
Other receivables	Loans and receivables
Long-term receivables	Loans and receivables
Other long-term investments	Held for trading
Bank indebtedness	Other liabilities
Accounts payable and accrued liabilities	Other liabilities
Debentures	Other liabilities

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

2. Significant accounting policies (continued):

(k) Financial instruments (continued):

Financing costs:

The Airport Authority capitalizes all transaction costs relating to the acquisition of financing as an offset to the related debt and recognizes these costs as an adjustment to interest expense over the life of the debt. The Airport Authority uses the effective interest rate method to recognize debenture interest expense.

(l) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of accrued revenue, allowance for doubtful accounts, net recoverable value of assets, useful lives for amortization, accrued liabilities, valuation of other long-term investments and provisions for contingencies. Actual results could differ materially from those estimates.

3. Accounts receivable:

	2009	2008
Current	\$ 21,235	\$ 22,872
31-60 days past due	116	313
61-90 days past due	37	14
90 + days past due	89	65
Less allowance for doubtful accounts	(725)	(633)
	\$ 20,752	\$ 22,631

	2009	2008
Allowance for doubtful accounts, beginning of year	\$ 633	\$ 482
Addition to allowance for doubtful accounts	300	944
Write off of specific accounts	(208)	(793)
Allowance for doubtful accounts, end of year	\$ 725	\$ 633

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

4. Net investment in lease:

During 2002, the Airport Authority acquired a cargo facility for cash consideration of \$11,254,000 which was then leased back to the vendor under an agreement expiring December 31, 2019. The Airport Authority's net investment in the direct financing lease consists of:

	2009	2008
Minimum lease payments receivable	\$ 17,400	\$ 19,046
Unearned income	(7,616)	(8,886)
	9,784	10,160
Less current portion	(451)	(375)
	\$ 9,333	\$ 9,785

As at December 31, 2009, the future minimum lease payments receivable under the direct financing lease are as follows:

2010	\$ 1,670
2011	1,696
2012	1,721
2013	1,747
2014 and thereafter	10,566
	\$ 17,400

5. Long-term receivables:

The Airport Authority has repayment schedules over two years with tenants relating to leasehold improvements. The Airport Authority receives interest on the outstanding balance at approximately 8.5% annually.

	2009	2008
Long-term receivables	\$ 649	\$ 913
Less current portion	(303)	(272)
	\$ 346	\$ 641

The current portion of long-term receivables is included in accounts receivable.

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

6. Investment in subsidiary:

This amount comprises investments in its wholly owned subsidiary Vancouver Airport Enterprises Limited ("VAEL") which through its subsidiary, YVR Project Management Ltd. ("YVRPM"), provides capital project management and consulting services to affiliated and non-affiliated entities and through its 50% investee company (prior to May 21, 2008 - 100% subsidiary), YVR Airport Services Ltd. ("YVRAS"), invests in and manages a number of airports across Canada and around the world.

On April 4, 2008, VAEL exchanged 19,131,000 class B Common shares of YVRAS for the following:

- (a) 1,080 class A Common shares without par value; and
- (b) 865 preferred shares without par value, with redemption value of \$100,000 per share and convertible into class A Common shares.

On May 21, 2008, YVRAS issued 1,080 class B Common shares from treasury to CIP Airports Ltd. ("CII"), providing CII a 50% joint ownership in YVRAS.

On June 18, 2009, YVRAS approved a return of capital of \$5,000,000 on the stated capital of the preferred shares held by VAEL and amended the Shareholders' Agreement to reduce the redemption value of the 865 preferred shares from \$100,000 to \$94,220 per share.

The share exchange, issuance of YVRAS shares to CII and return of capital did not impact the non-consolidated financial statements of the Airport Authority.

During the year ended December 31, 2009, the Airport Authority received dividend revenue of \$6,312,000 (2008 - \$15,106,000) from VAEL, of which \$376,000 is recorded in other receivables at December 31, 2009.

7. Capital assets:

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Buildings and other structures	\$ 1,556,652	\$ 322,852	\$ 1,233,800	\$ 790,711
Runways and other paved surfaces	416,540	120,447	296,093	256,282
Machinery and equipment	96,273	28,862	67,411	50,177
Furniture and fixtures	25,931	18,253	7,678	7,277
Computer equipment and software	84,601	56,040	28,561	25,044
Art collection	6,496	-	6,496	5,226
Construction-in-progress	47,855	-	47,855	424,115
	<u>\$ 2,234,348</u>	<u>\$ 546,454</u>	<u>\$ 1,687,894</u>	<u>\$ 1,558,832</u>

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

8. Other-long term assets:

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
(a) Lease inducement	\$ 14,930	\$ 2,553	\$ 12,377	\$ 2,377
(b) Leasehold interest	5,043	172	4,871	4,991
	\$ 19,973	\$ 2,725	\$ 17,248	\$ 7,368

- (a) On March 1, 2007, the Airport Authority agreed to provide a concession operator with a \$3,000,000 rent credit, of which \$2,000,000 has since been applied. On January 1, 2009, the Airport Authority granted the operator an additional \$15,000,000 rent credit, of which \$10,000,000 has been applied in 2009. The remaining \$6,000,000 credit will be utilized in 2010. The total lease inducements are recognized evenly as a reduction in revenue over the remaining life of the lease term until December 31, 2017.

As at December 31, 2009, the lease inducement asset of \$11,927,000 is included in other long-term assets, and \$1,491,000 has been recognized as an offset to revenue during the year ended December 31, 2009. The remaining \$6,000,000 rent credit is included in the current portion of other long-term liabilities (note 11).

In July 2009, the Airport Authority provided another concession operator with a \$450,000 rent deferral which will be repaid in equal monthly installments from June 2010 to May 2014.

- (b) In June 2008, the Airport Authority acquired a leasehold interest on Sea Island for \$3,643,000; accordingly, the Ground Lease with Transport Canada was amended to include this site. As part of this Ground Lease amendment, the Airport Authority agreed to decommission and demolish the building on this land. The estimated cost of decommissioning and demolishing the building of \$1,400,000 has been included in the acquisition cost of the leasehold interest and the related liability has been included in accrued liabilities. The leasehold interest is being amortized over the remaining term of the Ground Lease, which expires on June 30, 2052.

For the year ended December 31, 2009, the amortization of the leasehold interest was \$120,000 (2008 - \$52,000).

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

9. Other long-term investments:

In January 2009, the Pan-Canadian Committee (the "Committee") of non-bank sponsored Asset Backed Commercial Paper (ABCP) investors announced that the third-party ABCP restructuring plan had been implemented. Pursuant to the terms of the plan, holders of ABCP had their short-term commercial paper exchanged for long-term floating rate notes (FRN) whose maturities match those of the assets previously contained in the underlying conduits.

On January 19, 2009, in accordance with the ABCP restructuring plan, the Airport Authority's ABCP holdings with original maturity values totaling \$34,300,000 were exchanged for FRN with maturity values totaling approximately \$33,035,000. The exchange ratio was based on the settlement value for the ABCP as at August 13, 2008. The FRN have expected maturity dates from December 20, 2013 to December 25, 2036. The interest payout ratio for the FRN, for the quarterly period ended January 7, 2010, ranged between 0.00% and 0.25%.

Since there is only a limited active market for the FRN, management has estimated the fair value of these assets by discounting future cash flows using a valuation model that incorporates observable market data, such as the credit risk attributable to underlying assets, relevant market interest rates, amounts to be received and maturity dates.

In determining the fair value of the FRN, management reviewed its assumptions to factor in new information available at that date and changes in credit market conditions. As a result of the valuation, the Airport Authority recognized an unrealized loss on fair value of \$2,132,000 during the year ended December 31, 2009 (December 31, 2008 – \$5,160,000). The carrying value of the FRN at December 31, 2009 was \$19,133,000 (December 31, 2008 - \$21,265,000).

While management believes that its valuation technique is appropriate in the circumstances, significant changes in variables in the valuation model described above, or, if a secondary market further develops and reliable pricing information becomes available, the fair value of the FRN could be affected in subsequent periods. The resolution of these uncertainties could be such that the ultimate fair value of these investments may vary from management's current best estimate and any such difference could affect the Airport Authority's financial results.

Significant assumptions used to value the affected FRN include the discount rate used. Using the methodology described above, a 1% increase in the discount rates used in the valuation would result in an additional loss on fair value of \$1,073,000.

The Airport Authority does not expect a material adverse impact on its business as a result of its investment in the restructured FRN.

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

10. Bank indebtedness:

	2009	2008
Bank operating line	\$ 4,976	\$ 3,114
Bankers' acceptances	126,946	35,211
	<u>\$ 131,922</u>	<u>\$ 38,325</u>

The Airport Authority has available an unsecured bank operating line of \$200,000,000 (2008 - \$200,000,000).

The bankers' acceptances have fixed rates of interest varying from 1.36% to 1.55% with maturity dates ranging from January 13, 2010 to June 28, 2010.

11. Other long-term liabilities:

	2009	2008
Lease inducement liabilities (see note 8)	\$ 6,000	\$ 2,000
Less current portion of other long-term liabilities	(6,000)	(1,000)
	<u>\$ -</u>	<u>\$ 1,000</u>

12. Deferred ground lease payments:

Between July 2003 and June 2005, the Airport Authority deferred a total of \$20,529,000 of ground lease payments due to Transport Canada under an arrangement whereby Transport Canada provided temporary relief to Canadian airports, which suffered declines in passenger traffic resulting from international events in 2001 through 2003.

Repayments are interest free over a ten-year period, commencing January 1, 2006. As at December 31, 2009, the Airport Authority has repaid a total of \$8,212,000 (2008 - \$6,159,000) of rent deferrals to Transport Canada (note 19(a)).

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

13. Deferred capital contributions:

	2009	2008
Capital contributions:		
Canadian Air Transport Security Authority ("CATSA")	\$ 105,163	\$ 100,249
Other	1,944	1,707
	107,107	101,956
Accumulated amortization	(29,561)	(20,388)
	\$ 77,546	\$ 81,568

The Airport Authority receives funding from CATSA towards certain security infrastructure upgrades. The funds received are deferred and brought into income as grant revenue consistent with the amortization of the related capital assets.

14. Debentures:

	2009	2008
Amended Series B 7.425%, due December 7, 2026	\$ 150,000	\$ 150,000
Series D 4.424%, due December 7, 2018	200,000	200,000
Series E 5.020%, due November 13, 2015	200,000	200,000
	550,000	550,000
Less unamortized deferred financing costs	(3,091)	(3,312)
	\$ 546,909	\$ 546,688

The amended Series B debentures are issued under the Trust Indenture dated December 6, 1996, and amended under the Supplemental Indenture dated December 7, 2006. The Series D and Series E debentures are issued under Supplemental Indentures dated December 7, 2006 and November 14, 2007, respectively.

The effective interest rates on the Series B, D and E debentures are 7.530%, 4.484% and 5.094%, respectively.

The debentures are direct, unsecured and subordinated obligations of the Airport Authority. Interest is payable semi-annually in arrears in June and December for Series B and D and in May and November for Series E. The debentures are redeemable at the option of the Airport Authority, in whole or in part, at any time. The redemption price is the higher of par and that value which would result in a yield to maturity equivalent to that of a Government of Canada bond of equivalent maturity plus a premium. The premium is 0.15% for the Series B debentures, 0.125% for the Series D debentures, and 0.20% for the Series E debentures.

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

14. Debentures (continued):

While the debentures are outstanding, the Airport Authority is required to maintain an interest coverage ratio of not less than 1.25:1. Any further new issues of debt with a maturity of 12 months or longer are subject to a minimum interest coverage ratio of 1.75:1 on a pro-forma basis. The Trust Indenture also places certain limitations on the Airport Authority in the areas of encumbrances of assets, sales of assets, acquisitions of corporations, investments and guarantees.

15. Invested in capital assets:

(a) Invested in capital assets is determined as follows:

	2009	2008
Capital assets	\$ 1,687,894	\$ 1,558,832
Amounts financed by:		
Deferred capital contributions	(77,546)	(81,568)
Debentures	(546,909)	(546,688)
	\$ 1,063,439	\$ 930,576

(b) Deficiency of revenue over expenses:

	2009	2008
Amortization of deferred capital contributions	\$ 9,173	\$ 6,230
Amortization of capital assets	(91,991)	(75,436)
	\$ (82,818)	\$ (69,206)

(c) Net change in invested in capital assets:

	2009	2008
Purchase of capital assets	\$ 223,152	\$ 233,069
Amounts funded by deferred capital contributions	(5,151)	(3,695)
Proceeds from disposal of capital assets	(18)	(15)
Gain (loss) on disposal of capital assets	18	15
Write down of capital assets	(2,099)	-
Amortization of deferred financing fees and discount on debentures	(221)	(247)
	\$ 215,681	\$ 229,127

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

16. Operating contributions:

During 2002, the Airport Authority entered into a policing contribution agreement with CATSA. CATSA contributed to the costs of policing incurred by the Airport Authority. Effective April 1, 2008, this agreement was transferred from CATSA to Transport Canada. Contributions are determined annually by Transport Canada up to a maximum amount not to exceed the actual allowable costs incurred by the Airport Authority in providing these services. This agreement ended December 31, 2009.

17. AIF - use of funds:

The AIF is collected on the airline ticket by air carriers under an agreement between several Canadian airport authorities, air carriers and the Air Transport Association of Canada. Under this agreement, consistent with past practice and policy, the AIF is to be used to pay for the capital and related financing costs of airport infrastructure development as jointly agreed with the air carriers. During the year, the Airport Authority recorded \$85,873,000 (2008 - \$91,673,000) main terminal AIF revenue, and main terminal AIF eligible capital expenditures totaled \$218,001,000 (2008 - \$229,314,000). To December 31, 2009, the cumulative AIF revenue totaled \$1,032,311,000 (2008 - \$946,438,000), and cumulative AIF eligible expenditures totaled \$2,180,314,000 (2008 - \$1,962,313,000).

18. Employee future benefits:

(a) Funded pension plans:

Defined contribution plans:

The Airport Authority participates in a Registered Retirement Savings Plan (RRSP) which covers employees who have joined the Airport Authority since June 1992. Employees covered by this plan are required to contribute 6% of their earnings and, effective January 1, 2009, the Airport Authority contributes 7% (2008 - 6%) of their earnings. Total contributions included in the pension expense for 2009 were \$2,115,000 (2008 - \$1,405,000).

The Airport Authority participates in a defined contribution plan, which covers some of the senior executives who are also in an unfunded supplementary plan discussed in (b) below. Pension expense for the supplementary plan for year ended December 31, 2009 was \$10,000 (2008 - \$10,000). Some senior executives are also provided a Retirement Compensation Arrangement (RCA). Contributions to the RCA in 2009 totaled \$1,129,000 (2008 - \$1,274,000).

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

18. Employee future benefits (continued):

(a) Funded pension plans (continued):

Defined benefit plan:

The Airport Authority's and YVRAS' contributory defined benefit pension plan covers employees of the Airport Authority and YVRAS who, immediately prior to joining the Airport Authority or YVRAS, were employees of the Federal Public Service and were accruing pension benefits under the Public Service Superannuation Act. The pension plan provides benefits based on length of service and the best six years' average earnings.

The Airport Authority measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year, using a measurement date of October 31. The most recent actuarial valuation of the pension plans for funding purposes was as of December 31, 2008. The next valuation will be as of December 31, 2009, the results of which are expected to be available during the year ending December 31, 2010.

Information regarding the Airport Authority's defined benefit pension plan is as follows:

	2009	2008
Accrued benefit obligation:		
Balance, beginning of year	\$ 30,455	\$ 41,308
Current service cost	819	1,347
Interest cost	2,542	2,428
Benefits paid	(930)	(868)
Actuarial loss (gain)	6,862	(13,760)
Balance, end of year	39,748	30,455
Fair value of plan assets:		
Balance, beginning of year	32,966	39,014
Actual return (loss) on plan assets	4,248	(6,933)
Employer contributions	3,187	1,473
Employee contributions	268	280
Benefits paid	(930)	(868)
Balance, end of year	39,739	32,966
Surplus (deficiency) of plan assets	(9)	2,511
Unamortized net actuarial loss	5,103	264
Unamortized transitional obligation	(369)	(739)
Accrued benefit asset	\$ 4,725	\$ 2,036

The accrued benefit asset is included in other current assets.

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

18. Employee future benefits (continued):

(a) Funded pension plans (continued):

Defined benefit plan (continued):

Plan assets (measured as of the measurement date of October 31 each year) comprise:

	2009	2008
Asset category:		
Equity shares	62.0%	59.6%
Debt securities	36.2%	37.8%
Cash and short-term investments	1.8%	2.6%
Total	100.0%	100.0%

The significant assumptions used are as follows (weighted average):

	2009	2008
Accrued benefit obligation as of December 31:		
Discount rate	6.75%	8.25%
Rate of compensation increase	4.00%	4.00%
Benefit costs for years ended December 31:		
Discount rate	8.25%	5.75%
Expected long-term rate of return on plan assets	6.50%	7.00%
Rate of compensation increase	4.00%	4.00%

The elements of the Airport Authority's and YVRAS' defined benefit plan costs recognized in the year are as follows:

	2009	2008
Current service cost, net of employees' contributions	\$ 551	\$ 1,067
Interest cost	2,542	2,428
Actual loss (return) on plan assets	(4,248)	6,933
Actuarial loss (gain)	6,862	(13,760)
Employee future benefit costs before adjustments to recognize the long-term nature of employee future benefit costs	5,707	(3,332)
Adjustments to recognize the long-term nature of employee future benefit costs:		
Difference between expected return and actual return on plan assets for the year	2,023	(9,695)
Difference between actuarial gain (loss) recognized for year and actual actuarial gain on accrued benefit obligation for year	(6,862)	13,785
Amortization of the transitional obligation	(369)	(369)
Defined benefit costs recognized	\$ 499	\$ 389

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

18. Employee future benefits (continued):

(a) Funded pension plans (continued):

Total cash payments:

Total cash payments for employee future benefits for the year ended December 31, 2009, consisting of cash contributed by the Airport Authority to its funded pension plans (the defined benefit plan, defined contribution plans and RCA) were \$5,957,000 (2008 - \$4,161,000).

(b) Unfunded pension plans:

The Airport Authority participates in supplementary plans for its senior executives, along with some of its senior management and YVRAS executives.

Pension expense for the year ended December 31, 2009 was \$632,000 (2008 - \$403,000). Based on an actuarial report prepared as at December 31, 2008, the accrued benefit obligation as at December 31, 2009 was \$5,876,000 (2008 - \$4,783,000).

19. Commitments and contingencies:

(a) Ground Lease:

The Ground Lease governs both the economic and day-to-day relations between the Airport Authority and the Government of Canada for a term ending June 30, 2052. The lease provides the option to extend the term for a further twenty years.

The Ground Lease requires that the Airport Authority operate the Airport as a "first class international airport" and that, as the operator, the Airport Authority exercise sound business judgment.

Under the Ground Lease, Transport Canada is required to assume all costs associated with environmental remediation of any noxious or hazardous substance when such substance was present prior to the commencement of the Ground Lease on July 1, 1992. Transport Canada has taken the position that payment is contingent upon the actual issue of a direction from a government agency requiring the clean-up. The Airport Authority is of the view that compliance with the law, the Ground Lease and the general duty to the environment are the tests. These matters are under active discussion.

On May 9, 2005, the Government of Canada announced the adoption of a new rent policy that resulted in reduced rent for Canadian airport authorities, including the Airport Authority. This reduced rent formula is being phased in over a period of four years, beginning in 2006, during which the rent is fixed.

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

19. Commitments and contingencies (continued):

(a) Ground Lease (continued):

During the four year period, rent expense was recorded on a straight-line basis. As a result, the ground lease payments made in excess of the ground lease expense in previous years resulted in prepaid ground lease expense, which was fully utilized by December 31, 2009 (2008 - \$16,074,000).

Beginning January 1, 2010, the rent will be based on percentages of gross revenue on a progressive scale. Projected lease expense and payments (including repayments of deferred ground lease payments (note 12)) under the amended ground lease for the next five years, are estimated as follows:

	Lease expense	Lease payments
2010	\$ 34,650	\$ 36,703
2011	36,592	38,645
2012	38,852	40,905
2013	40,497	42,550
2014	42,408	44,461

(b) Capital and operating commitments:

In connection with the construction of certain capital projects, the Airport Authority has capital commitments outstanding as at December 31, 2009 of approximately \$32,333,000 (2008 - \$115,178,000). In connection with operating the Airport, the Airport Authority has total operating commitments, as at December 31, 2009, of approximately \$42,309,000 (2008 - \$39,218,000). These commitments extend for periods of up to five years.

(c) Legal claims:

In the normal course of operations, the Airport Authority becomes involved in various claims and legal proceedings.

While the final outcome with respect to these claims and legal proceedings cannot be predicted with certainty, management believes that the resolution of these proceedings will not have a material adverse effect on the Airport Authority's financial position or the results of its operations.

20. Economic dependence:

The Airport Authority derives approximately \$48,292,000 (2008 - \$50,354,000) in aeronautical fees and rents from one airline and \$20,065,000 (2008 - \$25,951,000) in concession revenue from one concession operator.

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

21. Financial instruments:

(a) Fair value of financial instruments:

The Airport Authority's financial instruments include accounts receivable, other receivables, long-term receivables, bank indebtedness and accounts payable and accrued liabilities for which the carrying amounts approximate fair values. The fair value of other long-term investments is discussed in note 9.

The fair value of the debentures at December 31, 2009 is estimated to be \$603,522,000 (2008 - \$529,000,000). To determine an estimated fair value of the debentures, the Airport Authority maintains a financial model which uses current market interest rates based upon the applicable Government of Canada bond yield plus a corporate spread based upon the Airport Authority's credit rating.

(b) Risk management:

The Airport Authority primarily has exposure to credit, currency, interest rate and liquidity risk on its financial instruments.

(i) Credit risk:

The Airport Authority is subject to credit risk through its financial assets. Ongoing credit valuations are performed of these accounts and valuation allowances are maintained for potential credit losses. The credit quality of financial assets can be assessed by reference to external credit ratings or historical information about the customer. The Airport Authority held security deposits in the amount of \$1,639,000 as at December 31, 2009 (2008 - \$1,513,000). An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific customers, historical trends and other information. Detailed accounts receivable aging and allowance for doubtful accounts are detailed in note 3.

The Airport Authority's revenue is dependent on the domestic, transborder and international air transportation industry. Due to this diversification, the concentration of credit risk is considered to be minimal. The Airport Authority believes that the cessation of operations of an airline would not have a material long-term effect on the Airport Authority's revenue or operations.

During the year ended December 31, 2009, the Airport Authority did not realize any material gains or losses on its financial liabilities measured at amortized cost.

As at December 31, 2009, the Airport Authority did not hold any short-term investments and therefore was not exposed to credit risk on investments, other than the other long-term investments discussed in note 9.

(ii) Currency risk:

The Airport Authority has minimal transactions denominated in foreign currencies.

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

21. Financial instruments (continued):

(b) Risk management (continued):

(iii) Interest rate risk:

The Airport Authority is exposed to interest rate risk on its bank indebtedness, consisting of a bank operating line and bankers' acceptances. Drawings upon the bank operating line are charged an interest rate equivalent to the lender's prime rate. During the year, the bank operating line was utilized on a daily average of \$2,897,000 (2008 - \$1,031,000). An increase of 1% in the prime rate, during the year, would have increased interest expense by approximately \$29,000 (2008 - \$10,000). The balance of outstanding short-term debt is issued by way of bankers' acceptances (note 10). During the year, there was a daily average of \$80,186,300 in bankers' acceptances outstanding and a 1% increase in the weighted average daily rate would have increased the bankers' acceptance interest expense by \$800,000. The balance of outstanding debt is by way of debentures (note 14) which have fixed interest rates for their term and therefore changes in interest rate do not impact the Airport Authority's interest payments. The other long-term liabilities are non-interest bearing.

(iv) Liquidity risk:

The Airport Authority manages liquidity risk by maintaining adequate cash or available credit facilities. Cash flow projections are continually updated and reviewed by management to ensure a sufficient continuity of funding.

22. Capital risk management:

The Airport Authority is a non-share corporation and, accordingly, is funded through aeronautical and non-aeronautical revenues, AIF revenue, an unsecured bank operating line and debentures. The funds generated by the Airport Authority are used to cover costs within its mandate. There were no changes in the Airport Authority's approach to capital risk management during the year.

The Trust Indenture dated December 6, 1996 and related supplemental indentures as described in note 14 provide the terms of the debentures issued and require a minimum interest coverage ratio of 1.25:1. As at December 31, 2009, the Airport Authority was in compliance with the required minimum interest coverage ratio.

As at December 31, 2009, net assets amounted to \$972,824,000 (December 31, 2008 - \$934,014,000). The Airport Authority has established, within its net assets, funds for operational requirements and debt obligations. The net assets consist of net assets invested in capital assets and unrestricted net assets.

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

22. Capital risk management (continued):

(a) Invested in capital assets:

A portion of excess revenue over expenses generated by the Airport Authority has been allocated for capital projects. In accordance with the Memorandum of Agreement (MOA) with the signatory airlines and the Air Transport Association of Canada, all AIF revenues collected are used to fund capital and relating financing costs of airport infrastructure development which are included in amounts invested in capital assets. To December 31, 2009, the cumulative AIF revenue has been used to fund AIF eligible capital expenditures in accordance with the MOA (note 17).

(b) Unrestricted:

Unrestricted net assets represent the cumulative excess revenue over expenses, including interest expense incurred and cumulative unrealized changes in net assets, which remains after amounts have been allocated for capital projects and related amortization as described above.

23. Guarantees:

(a) YVR Airport Services (Cyprus) Limited ("YVRAS Cyprus"), one of the Airport Authority's related companies, made an investment in Hermes Airports Limited ("Hermes"), which holds the concession to develop and operate two airports in Cyprus (Pafos and Larnaka) over a period of twenty-five years commencing May 13, 2006.

YVRAS Cyprus has an 11.0% interest in Hermes, which was funded by an equity bridge facility established by Hermes. The security for this facility was provided by each shareholder in Hermes. YVRAS Cyprus share is secured by an irrevocable letter of credit guaranteed by the Airport Authority. The amount of this guarantee is EUR €6,655,000 (CAD \$10,235,000).

(b) The Airport Authority has entered into a sponsorship agreement with the Vancouver Organizing Committee ("VANOC") for the 2010 Olympic and Paralympic Winter Games. Under this agreement, the Airport Authority has agreed to provide a sum of \$3,000,000 value in-kind services to VANOC through to December 31, 2012. The Airport Authority has also entered into an agreement for the operation of six Olympic Stores and twelve modular retail outlets. As part of this agreement, 50% of all revenues earned from these stores and units are paid to VANOC, with a minimum guarantee of \$740,000, which is included in the \$3,000,000 value to be provided to VANOC as part of the sponsorship agreement.

(c) In certain circumstances, the Airport Authority has agreed to provide compensation to the security contractor providing security escorts to construction contractors working at the Airport should the construction contractor default on payments to the security contractor. The Airport Authority would then have the right to recover such compensation from the construction contractor.

VANCOUVER AIRPORT AUTHORITY

Notes to Unaudited Non-consolidated Financial Statements (continued)
(tabular amounts in thousands of dollars)

Years ended December 31, 2009 and 2008

24. Supplementary cash flow information:

(a) Changes in non-cash operating working capital:

	2009	2008
Accounts receivable	\$ 1,879	\$ 2,854
Other receivables	(573)	1,886
Other current assets	(4,986)	(2,600)
Prepaid ground lease	16,074	1,236
Accounts payable and accrued liabilities	(4,328)	5,376
Deferred revenue	1,480	3,129
	<u>\$ 9,546</u>	<u>\$ 11,881</u>

(b) Other supplementary information:

	2009	2008
Supplementary information:		
Interest expense paid	\$ 31,776	\$ 30,055
Interest income received	1,832	749
Non-cash transaction:		
Decommissioning costs on leasehold interest	-	1,400

25. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the year ended December 31, 2009.

**VANCOUVER AIRPORT AUTHORITY 2009
ENVIRONMENT REPORT**

Environmental Management Plan

The Vancouver International Airport Environmental Management Plan details accountabilities for environmental management initiatives within the Airport Authority; it also describes environmental policies and programs around key sustainability issues overseen by the Airport Authority's Environment Department. Issues addressed by the plan include:

- Aeronautical noise
- Air quality and climate change
- Contaminated sites
- Environmental impact assessment and sustainable building design
- Hazardous materials
- Natural habitat
- Energy and resources
- Waste
- Water quality

The Environmental Management Plan was reviewed and substantially updated in 2008, spanning a five-year time period from 2009 to 2013. The plan focuses on five strategic priorities for the Airport Authority:

- Reduce emissions
- Reduce energy usage
- Reduce waste generation and enhance recycling
- Implement a communication, awareness, recognition and education program
- Continuous improvement of core environmental management programs including noise management

Details on the initiatives implemented in 2009 that support these priorities are presented in various sections of this report. The Airport Authority revised its Environmental Policy by adopting an integrated policy for safety, security and environment. This overarching policy is an important step in formally integrating the management of these critical risk areas.

Federal standards provide the basis for environmental programs and performance. However, in the interests of responsible environmental management, the Airport Authority works to meet or exceed additional, self-imposed standards including the adoption of applicable provincial and regional requirements. This means that if provincial, regional or municipal guidelines provide pertinent standards, the Airport Authority will endeavour to meet those standards. The Airport Authority also requires tenants on Sea Island to meet the same standards.

To continually improve our environmental performance, the Airport Authority's environmental management system was developed in accordance with the principles of ISO 14001, the internationally recognized standard that outlines the structures of environmental management systems.

Environmental Advisory Committee

The Environmental Advisory Committee is a group of stakeholders that meets quarterly to provide input on the design and implementation of the Environmental Management Plan at YVR. Committee representatives include:

- Aircraft fuelling operators
- Airlines
- Citizen representatives from Vancouver and Richmond
- City of Richmond (Planning and Development Division)
- City of Vancouver (Planning Department)
- Department of Fisheries and Oceans (Habitat Management)
- Environment Canada (Canadian Wildlife Service and Environmental Protection Branch)
- Fraser River Coalition
- Metro Vancouver
- Musqueam Indian Band
- Nature Vancouver
- Port Metro Vancouver
- Transport Canada (Environmental Services)
- Vancouver Airport Authority

In 2009, the Environmental Advisory Committee met five times, including an airside tour of the various construction projects that have been the subject of discussion through the quarterly meetings. In addition, a special workshop was held to obtain input from committee members on the development of a climate change action strategy for Vancouver International Airport.

Aeronautical Noise

Noise associated with an airport can be attributed to a number of sources, such as:

- Aircraft take-offs and landings
- Aircraft over-flights of residential neighbourhoods
- Engine run-ups, which are tests performed on aircraft engines and systems after maintenance to ensure they are functioning safely
- Reverse thrust, which is used to slow an aircraft when landing on the runway
- General noise from ground service equipment

The Airport Authority has a comprehensive noise management program that strives to balance the desire for safe, convenient, 24-hour air travel with enjoyable urban living.

The noise management program includes a five-year noise management plan, published noise abatement procedures, an airport noise monitoring and flight tracking system and complaint management and response.

AERONAUTICAL NOISE MANAGEMENT COMMITTEE

The Aeronautical Noise Management Committee consists of community and industry stakeholders and provides a forum for the discussion of aeronautical noise management issues at YVR.

The committee meets quarterly and is chaired by the Airport Authority's Vice President, Community and Environmental Affairs. Members of the committee are appointed independently by their respective stakeholder groups, which include:

- Airlines and operators
- Aviation industry associations
- Citizen representatives from Richmond, Vancouver and Delta
- City of Richmond (Planning)
- City of Surrey
- City of Vancouver (Planning)
- Corporation of Delta
- Musqueam Indian Band
- NAV Canada
- Transport Canada
- Vancouver Airport Authority (Environment and Operations Departments)

In 2009, the Aeronautical Noise Management Committee convened four regular meetings to discuss noise management issues at YVR and to update the Noise Management Plan for 2009-2013.

NOISE MANAGEMENT PLAN

The Airport Authority's 2009-2013 Noise Management Plan identifies 16 initiatives to guide noise management efforts at the airport. Initiatives are generally planned as multi-year projects. In 2009, the Airport Authority undertook the following initiatives:

- Completed a preliminary design and site assessment for a ground run-up enclosure for propeller aircraft.
- Installed a new Aircraft Noise and Operations Monitoring System and launched WebTrak for YVR. WebTrak is an online tool that allows residents to view *real-time* and historical noise and flight track information. Vancouver Airport Authority was the first to install this system in Canada.
- Provided a number of presentations to stakeholder groups such as residents, city staff, educational institutions and aircraft operators to increase understanding and awareness regarding aircraft noise issues at YVR and throughout Metro Vancouver.
- Prepared runway demand profiles for summer 2009 flight schedules, determining when north runway use for departures was necessary to reduce delays.
- Presented at the annual YVR Chief Pilots' meeting and awarded the fourth annual *YVR Fly Quiet Awards* to the airlines with the lowest average annual sound exposure, as measured by the aircraft noise monitoring and flight tracking system. The 2009 winners included Pacific Coastal Airlines, Mexicana and Air New Zealand.

NOISE ABATEMENT

Noise abatement procedures for YVR are published in *Canada Air Pilot* and *Canada Flight Supplement* and are enforceable by Transport Canada. Among the published noise abatement procedures specific to operations at YVR:

- Preferential use of runways to place the noisiest operations over the Strait of Georgia whenever possible
- Restricting times and locations that engine run-ups can be performed
- Requiring prior approval for jet operations between midnight and 7 a.m.
- Normally closing the north runway from 10 p.m. to 7 a.m.
- Restricting the departure of older, noisier jet aircraft during night-time hours

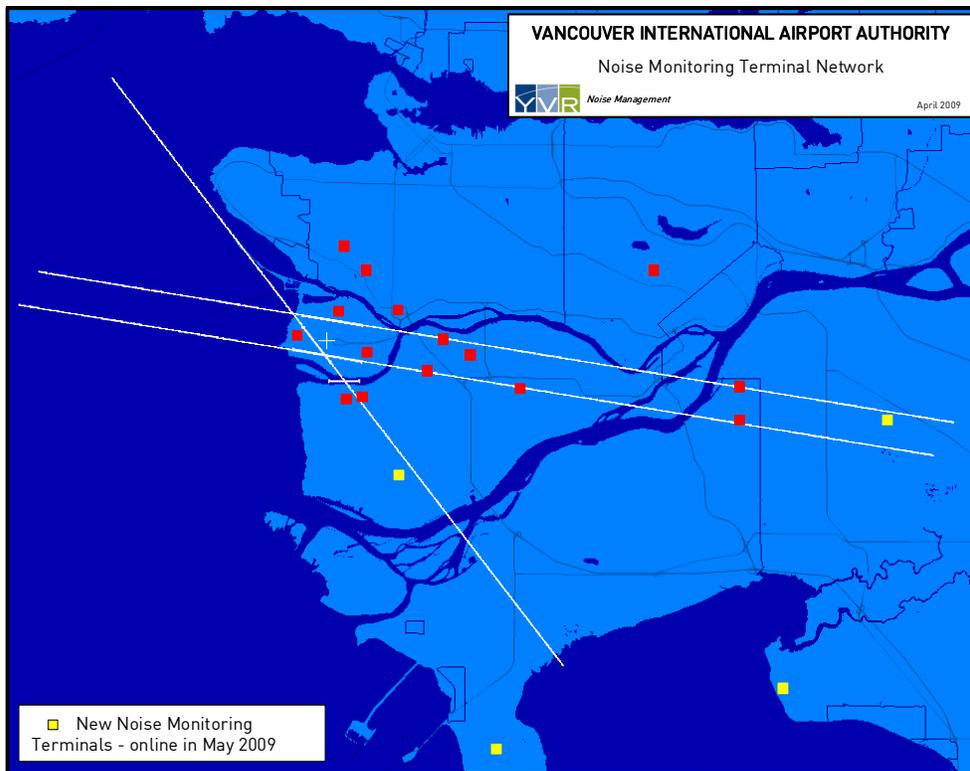
Transport Canada Civil Aviation Enforcement is responsible for investigating suspected violations of published noise abatement procedures and can issue monetary fines. There was one sanction issued by Transport Canada for non-compliance with published noise abatement procedures at YVR in 2009. The sanction resulted in a \$20,000 fine assessed against the operator.

MONITORING AIRCRAFT NOISE

The Airport Authority has a sophisticated aircraft noise monitoring and flight tracking system to collect and assess aircraft noise and determine where and when it occurs.

NOISE MONITORING TERMINALS

Twenty noise monitoring terminals (NMTs) are located throughout the community. Combined with radar, the system is used to monitor and assess aircraft contribution to community noise levels by correlating the noise created by aircraft in proximity to each NMT.



WEBTRAK

In May 2009, the Airport Authority implemented WebTrak for YVR. WebTrak is an innovative tool that allows residents to view dynamic *real-time* and historical flight and noise data collected by the Airport Authority's Aircraft Noise and Operations Monitoring System.

The information provided by WebTrak improves the understanding of aircraft operations over Metro Vancouver and provides a transparent exchange of information with the community. WebTrak provides an additional way for residents to contact the Airport Authority with their concerns and allows them to identify the exact aircraft that is the cause of their concern. The majority of complaints in 2009 were submitted using WebTrak.

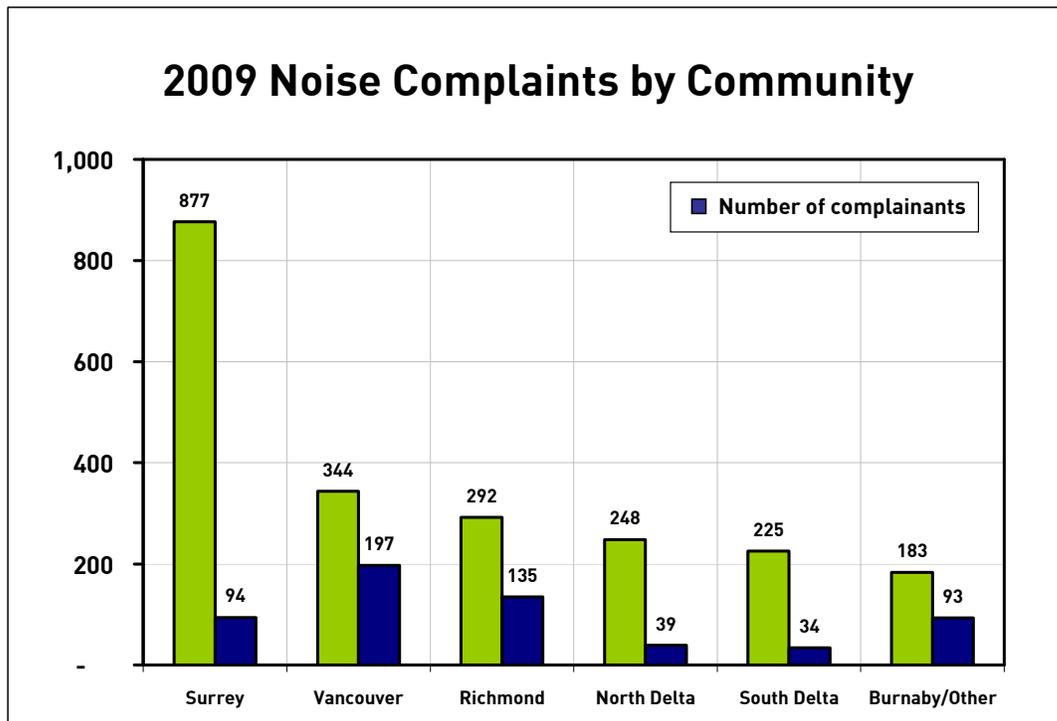
Between May and December 2009, the WebTrak site was viewed more than 236,000 times.

COMPLAINT TRACKING

The Airport Authority offers a variety of ways for individuals to register their questions or concerns about aircraft noise including calls to the YVR Noise Information Line (604.207.7097), via email (noise@yvr.ca), or through WebTrak. All complaints are treated confidentially and responded to on an individual basis if requested.

In 2009, the Airport Authority received 2,169 noise complaints from 592 individuals, a 4% increase from the prior year. 15 people were responsible for registering over half of all complaints received. Issues identified by the community include night-time operations, float plane traffic, ILS flight inspections and north runway use. During the summer months the north runway was used during the night-time hours while the south runway underwent annual maintenance in July and August.

Surrey residents accounted for 40% of all complaints in 2009, while Vancouver, Richmond, north Delta and south Delta residents accounted for 16%, 13%, 11% and 10% respectively. The remaining 8% of concerns were from residents of Burnaby, New Westminister, Coquitlam and unspecified areas. Prior to this year, complaints associated with aircraft using the new arrival routes implemented in May 2007 as part of an airspace redesign were not included in this section. They are now included in all of the statistics from 2007 through 2009.



Individual complaints about aircraft noise are only one part of the picture. Another indicator of community annoyance is from the Airport Authority’s annual surveys of Lower Mainland residents who are asked if they are bothered by aircraft noise in their home. In 2009, 84% of residents indicated they were not annoyed by aircraft noise. This is consistent with results from recent years.

Residents not annoyed by aircraft noise (2000-2009)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Percentage	74%	78%	83%	87%	80%	80%	81%	83%	85%	84%

In addition to runway aircraft take-offs and landings, aircraft noise is also created by floatplanes and helicopters (non-runway take-offs and landings). In 2009, there were 56,165 non-runway take-offs and landings, approximately 1% less than in 2008.

The Airport Authority also works with local governments on planning issues to minimize potential non-compatible land uses in high-noise areas. Detailed information on the results of the 2009 Aeronautical Noise Management Program is contained in the [2009 Aeronautical Noise Management Report](#).

Air Quality and Climate Change

The Airport Authority’s air quality program addresses airport and airport-related activities that could impact local, regional and global air quality through the production of pollutants, including greenhouse gases or ozone-depleting substances. Climate change has become a significant global issue and the Airport Authority is committed to confronting carbon by reducing our carbon footprint along with emissions that impact local air quality. The air quality program aims to reduce emissions by promoting alternative forms of transportation to and from Sea Island. We work with business partners to increase the use of low-emission vehicles, improve airport infrastructure to reduce emissions and raise awareness of clean air issues. We carefully manage our activities, such as halocarbon (refrigerant) and point source fossil fuel usage, to ensure we minimize the impact of activities and equipment within our jurisdiction.

AMBIENT AIR QUALITY

The Airport Authority is a voluntary partner in the Metro Vancouver ambient air quality management program. A Metro Vancouver continuous monitoring station is located at YVR, east of the south runway, near the community of Burkeville. Data collected from this station are reported on [Metro Vancouver’s website](#).

Metro Vancouver regularly prepares air emission inventories for mobile and non-mobile emissions sources in the Lower Fraser Valley. The most recent inventory, the *2005 Lower Fraser Valley Air Emissions Inventory*, was published in December 2007 and found that aircraft emissions account for about 1.1% of greenhouse gas emissions and 1.1% of smog-forming pollutants in the Lower Fraser Valley air shed.

SUSTAINABLE GROUND ACCESS

The 2005 Lower Fraser Valley Air Emissions Inventory indicates that motor vehicle emissions are the largest source of air contaminating pollutants in the region. Reducing vehicle emissions from travel to, from and within Sea Island is a key goal of the Airport Authority's air quality program.

Canada Line opened in August 2009 and has provided YVR with a direct rapid transit link to Vancouver and Richmond. By 2010, Canada Line is expected to serve approximately 100,000 riders every day. Canada Line offers a fast, convenient and inexpensive travel option for YVR customers and employees, carrying riders from the airport or Richmond to downtown Vancouver in 25 minutes.

Since the Canada Line officially opened to the public on August 17, 2009, 15% of passengers are using the system to access YVR, surpassing expectations of 10%. 13% Sea Island employees use the train for their commute compared to 9% on the bus before the Canada Line opened.

Airport employees are taking the Canada Line for the Sea Island leg of their commute. A 2,500-stall employee park and ride facility opened at Templeton Station in November 2009. By decreasing the distance on Sea Island that these employees needed to drive, 880 tonnes of carbon dioxide equivalents per year have been saved.

Participation in the Airport Authority's Green Commuter Rebate Program, first launched in 2006, continues to grow. Providing financial incentive to Airport Authority employees who commute by means other than a single-occupancy vehicle, the program had 159 participants in 2009. The same year, the program reduced the amount of single-occupant vehicle trips by more than 951,104 kilometers, reducing more than 159,000 kilograms of carbon dioxide emissions.

Each year the Airport Authority supports the Government of Canada's Commuter Challenge as part of national Environment Week. In 2009, the Commuter Challenge had 83 participants using alternative forms of transportation to commute a total of 10,015 km in a week – collectively preventing 1,428 kilograms of greenhouse gases from entering the atmosphere.

With marked on- and off-road cycling routes on Sea Island, bike racks for general use, a secure bicycle storage and change room facility, the Airport Authority supports employees who cycle to work at YVR. Cyclists can also take a combination of cycling and transit as bicycles are allowed on Canada Line trains.

Two changes were made to the bike paths in 2009. There was a change to off-road path access to the north side of Grant McConachie Way, just south of the Arthur Laing Bridge. The previous exit on the downhill slope (which required a near U-turn) is now closed. A new exit point is open behind the Vancouver International Airport sign located at the south end of the Arthur Laing Bridge. A four-way stop sign at Templeton Street and North Service Road was replaced with a traffic signal – the signal uses image recognition to see if a vehicle or bicycle is present.

In 2009, the Airport Authority participated in our first Bike to Work Week in the spring and winter. During the spring event, 28 cyclists rode through sun and rain to log 1755 km, a distance that placed us 4th in our size category in the Lower Mainland. The winter event saw seven dedicated cyclists log 415 km for the week.

Each year, we expect overall taxi fleet fuel economy to improve, as taxis licensed at YVR are required to be no older than seven years and replacement vehicles must be no older than five years. Since 2004, Vancouver Airport Authority has offered a significant annual discount on licensing fees to taxi operators at YVR who operate low emission taxis. In 2009, 172 of the 525 taxis in the fleet serving YVR had taken advantage of the incentive rebate program, operating as hybrid-electric taxis. Also, in recognition that newer vehicles are more fuel-efficient, the taxi operators receive a discount if the vehicle was purchased that year. In 2009, 26 gasoline vehicles received a rebate for operating a vehicle in the 2009 model year.

REDUCING FLEET VEHICLE EMISSIONS

The Airport Authority also works to improve air quality through the promotion of alternative fuels and technologies such as hybrid-electric, natural gas, biodiesel and hydrogen.

YVR continues to use a 5% biodiesel blend for all diesel vehicles. Biodiesel is a renewable resource, non-toxic, biodegradable and produces lower net carbon dioxide emissions than petroleum diesel. The fuel is produced from present day plants or waste products that have absorbed recent carbon dioxide from the atmosphere.

The Airport Authority continues to improve our fleet by replacing older, larger vehicles with appropriately sized fuel-efficient models. In 2009, we introduced nine vehicles: four hybrid-electric vehicles, three electric utility vehicles and two fuel-efficient cars.

POLLUTANT RELEASES

The Airport Authority tracks various pollutants as part of the National Pollutant Release Inventory (NPRI), a nation-wide, publicly accessible inventory of information on annual releases to air, water, land and disposal or recycling from all sectors - industrial, government, commercial and others. This report is due each year in June.

The Airport Authority submitted a report to the NPRI in 2009 (for the emission period of 2008) and five substances exceeded the thresholds for reporting. The Airport Authority submitted five reports for the 2008 reporting year: Asbestos, PM2.5, PM10, Total Particulate Matter (TPM) and Volatile Organic Compounds (VOCs). Two species of VOCs - Toluene and Solvent Naphtha Light Aliphatic - were also reported in 2008 only, as the VOC threshold was exceeded for the first time.

The amount of asbestos disposed of varies from year to year depending on demolition activities. There was more material disposed of in 2008 compared to 2007; therefore we saw an increase in asbestos disposal.

Total Particulate Matter is generated from onsite boilers, emergency generators and road dust. Generators are required by law to run as a primary energy source for runway and airfield lighting during heavy fog conditions. In 2007, an additional reporting requirement was introduced for road dust, which resulted in the emissions threshold being exceeded in 2007 and 2008. The amount of road dust generated varies from year to year depending on construction and wildlife management activities. Our TPM and PM10 emissions decreased in 2008 due to the reduction in travel on dirt roads.

Volatile Organic Compounds are generated from onsite boilers, emergency generators, storage tanks and painting operations. More painting operations in 2008 than normal caused an increase in volatile organic compounds. As a result of the reporting threshold being met for VOCs, two

additional species of VOCs were also reported. Toluene and Solvent Naphtha Light Aliphatic are generated from painting activities.

Pollutants	Threshold for reporting	Releases (tonnes)				
		2005	2006	2007 *new reporting requirement introduced for road dust	2008	2009
Total Particulate Matter (TPM)	20	0.377	0.335	146.742	121.875	2009 NPRI data will be filed in June 2010
Particulate Matter 10 microns (PM10)	0.5	0.377	0.335	42.726	35.261	
Particulate Matter 2.5 microns (PM2.5)	0.3	0.377	0.335	4.440	4.598	
Volatile Organic Compounds (VOC)	10	8.453	8.031	6.453	12.412	
• Toluene	1				1.596	
• Solvent naphtha light aliphatic	1				1.112	
Oxides of Nitrogen (NOX)	20	7.054	6.771	6.311	18.364	
Sulphur Dioxide (SO2)	20	0.318	0.567	0.181	2.627	
Carbon Monoxide (CO)	20	3.349	3.637	4.272	7.414	
Asbestos	10	23.430	29.376	26.597	48.663	

Contaminated Sites

Transport Canada is responsible for contaminated sites on Sea Island that existed prior to the 1992 transfer of YVR to the Airport Authority. The Airport Authority works with Transport Canada to ensure all contaminated sites are managed in accordance with the Treasury's Board's Federal Contaminated Sites Management Policy.

In 2009, one new area of contamination was identified and will be managed as a contaminated site. A leak in one of the airport's de-icing lagoons resulted in glycol-contaminated water entering the ground under the lagoon. The groundwater is now contaminated with glycol. Glycol will break down fairly rapidly on its own and should not result in long-term contamination. However, monitoring of the area is required to ensure glycol is not getting into nearby surface waters where it could be transported to the Fraser River.

Environmental Impact Assessment and Sustainable Building Design

To integrate environmental management measures into planning, design, construction and operation of all new projects at YVR, all airport facility permits are subject to an environmental review under the Airport Authority's Environmental Impact Assessment Program.

In addition to considering environmental aspects of new projects, the review process considers any potential archaeological, cultural or historical impacts. Guidelines and mitigation efforts are developed for projects to ensure compliance with regulatory and airport standards.

Large projects and those that are environmentally sensitive are monitored regularly by Environment staff to ensure mitigation efforts are implemented as planned and all standards are met.

In 2009, 100% of airport construction projects underwent an environmental review.



2009 RESULT: 100%



2010 TARGET: 100% of facility permits reviewed by Environment Department

BUILDING GREENER

The Airport Authority employs sustainable building design and construction practices wherever possible. Sustainable design guidelines are used for new projects to ensure all new facilities incorporate energy efficiency, water efficiency and environmental management measures.

Our design and construction process utilizes energy modeling tools and green building consultants to ensure new buildings are constructed to operate at optimal energy efficiency. Construction and demolition wastes are reused or recycled whenever possible. In 2009, 85% of construction waste, including concrete, asphalt, metals, and wood were recycled or re-used at YVR.

Hazardous Materials

The Airport Authority, airlines, fuellers, car rental companies, couriers, maintenance shops, construction companies and a number of other tenants located on Sea Island use hazardous products in their operations. In addition, hazardous materials are produced as waste products of some airport-related operations.

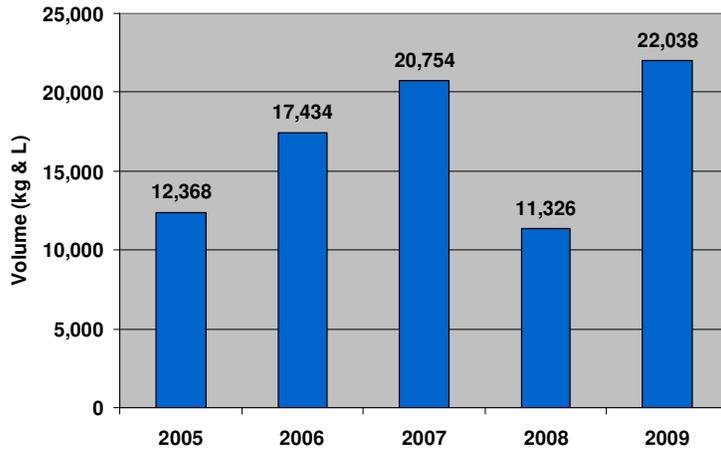
Chemical products and wastes considered hazardous materials may include:

- Flammable liquids (aviation fuel, jet fuel, solvent, paint)
- Compressed gases (propane, natural gas, nitrogen, oxygen)
- Corrosives (batteries, battery acid, sodium hypochlorite)
- Poisonous or infectious chemicals (medical samples, syringes)
- Others (PCBs, waste oil, and asbestos)

The Airport Authority has designated areas where hazardous materials can be stored. All wastes are inventoried and labeled prior to being shipped offsite for disposal or recycling. The Health and Safety and Environment Departments work closely to ensure that hazardous materials are handled in a safe and environmentally responsible manner as well as minimizing the amount and variety of hazardous materials used.

In 2009, 22,038 kg of hazardous wastes were handled by the Airport Authority. While this was the largest volume of hazardous waste the Airport Authority has managed in the past five years, the increased volume was due to the removal of stored hazardous materials that will no longer be required in airport systems. For YVR as a whole, this means fewer hazardous products stored on site.

AIRPORT AUTHORITY HAZARDOUS WASTES (2005-2009)



2009 HAZARDOUS WASTES - COMPOSITION

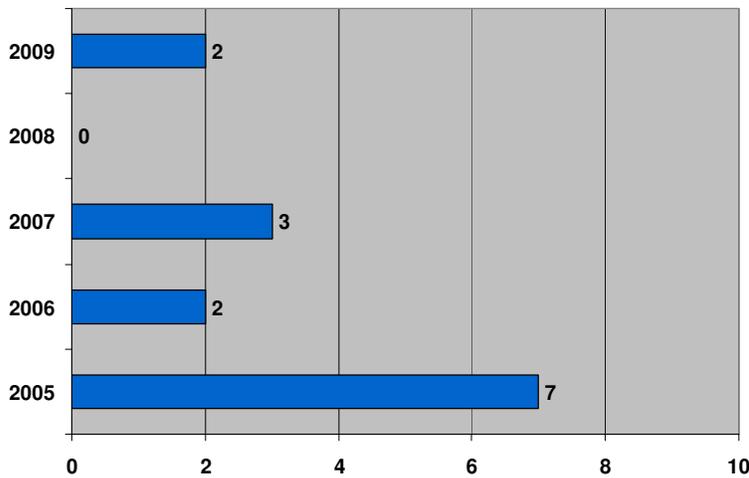
Hazardous Waste	Total (kg&L)	Percentage
Waste Oil	11,535	52.3
Chemical (corrosives, toxics)	4,327	19.6
Batteries, Wet, Filled with Acid	3120	14.2
Absorbent Contaminated with Waste Oil	700	3.2
Oil Filters	660	3.0
Waste Antifreeze	600	2.7
Fuels	400	1.8
Paint Related Materials	376	1.7
Aerosols, Flammable	320	1.5
Total	22,038	100

SPILL REPORTING AND TRAINING

Tenants are required to have spill response plans in place for the safe handling of hazardous goods. The Airport Authority regularly audits our tenants' level of spill preparedness and management of hazardous materials.

Approximately 1.3 billion liters of aviation fuel were handled at YVR in 2009. The Airport Authority's commitment is to have zero fuel spills in excess of 100 liters; when spills do occur they are reported immediately. Spills with potential to enter ditches or the Fraser River are also reported to Environment Canada and Transport Canada. Spill clean-up is done by the company responsible for the spill, and is closely monitored by the Airport Authority. In 2009, there were two fuel spills that exceeded 100 litres. Thanks to the quick response of airport staff, both of these spills were completely contained and did not enter ditches or touch soil.

FUEL SPILLS EXCEEDING 100 LITRES (2005-2009)



2009 RESULT: Two fuel spills of more than 100 liters



2010 TARGET: Zero fuel spills in excess of 100 liters

Natural Habitat

YVR's Sea Island home is part of the ecologically diverse Fraser River Estuary. The estuary is an important staging area for birds on the Pacific Flyway, one of four major migratory routes in North America used by waterfowl. More than one million birds use the delta during peak migration periods.

Sea Island and its immediate surroundings include designated protected habitat areas or parks: Sea Island Conservation Area (SICA), McDonald Beach Park, Sturgeon Banks Wildlife Management Area, Iona Beach Regional Park and Swishwash Island.

The Airport Authority works closely with owners of adjacent lands, regulatory agencies, environmental groups and other stakeholders to protect environmentally sensitive features on and adjacent to YVR from the impact of airport operations. The key challenge is balancing

environmental protection with key requirements for airport safety, such as wildlife control and de-icing. In 2009 the Airport Authority, working with Environment Canada, constructed the new Cora Brown trail in the Sea Island Conservation Area. The trail provides recreational opportunities but also increases protection of wildlife habitat in the conservation area through new fencing, landscaping and drainage ditches.

WILDLIFE CONTROL

To reduce the risks associated with birds at the airport, the Airport Authority maintains a comprehensive wildlife management program, recognized as being among the best in the world. Our program has four components: habitat management, monitoring, movement of birds away from aircraft operating areas through harassment techniques and, where a safety risk is perceived, killing of birds. No fewer than two wildlife officers patrol YVR's 1,300-hectare grounds at all times.

Habitat management is the most important component of the wildlife program. Where possible, habitats on airport lands are modified to reduce their attractiveness to hazardous wildlife species. Management techniques include carefully managing grass, weeds and other vegetation; water drainage; nesting and perching spots; garbage accumulation; and building design.

Through our wildlife monitoring, biologists track bird populations on and adjacent to the airport, study their behaviour, and keep detailed records of bird activity. This information allows us to learn from and improve our wildlife management efforts.

In 2009, approximately 816,000 birds were moved away from aircraft operating areas using a variety of harassment techniques, including pyrotechnics, sirens, lights, propane cannons, and specially trained Border Collies. This represents a 37% decrease over 2008. This decrease is due in part to changes in reporting protocols; for example a bird is only counted as having moved if it leaves the airfield entirely.

While habitat management and harassment techniques are the primary tools used, birds are killed when the officer perceives wildlife behaviour to be a safety risk. This may consist of an immediate risk to an approaching aircraft, or a potential or chronic risk that has increased to unacceptable levels. In 2009, 327 birds were killed by control officers.

In 2009, 336 birds were killed in 146 bird strikes with aircraft. The largest portion of the bird strikes in 2009 involved dunlin and barn swallows, which, because of their small size, pose less of a safety risk than larger bird species. The bird-strike rate measures the number of bird strikes with aircraft per 10,000 take-offs and landings. In 2009, our bird-strike rate was 4.7. Factors that contribute to bird strikes include aircraft operations, environmental conditions and natural variability in bird populations. It should be noted that recorded bird strikes include near-misses in addition to physical strikes.

Annual summary reports of the Airport Authority's wildlife control activities are prepared and submitted to Transport Canada, Environment Canada and the B.C. Ministry of Environment.



2009 RESULT: 4.7 bird strike rate



2010 TARGET: 0.0 bird strike rate

Energy and Resources

The energy and resources program promotes the importance of resource-efficient operations and identifies ways to reduce consumption of natural gas, diesel, gasoline, water and electricity at the airport. The cost of energy increasing at an unprecedented rate, coupled with the need to minimize greenhouse gases means the efficient use of energy is essential for a sustainable airport.

The Airport Authority participated in BC Hydro's Energy Manager Program in 2009, a program that dedicates an existing staff member to establish, identify, and enhance energy efficiency opportunities, manage the implementation of energy-saving projects and improve on existing operational and maintenance procedures at our facility.

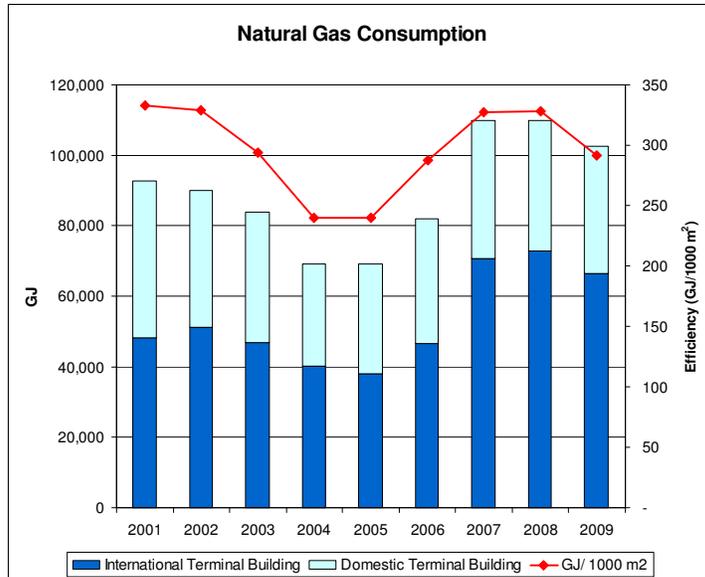
We also engage a cross-departmental team of Airport Authority employees to identify and implement energy reduction initiatives. The Energy Reduction Team conducts energy audits as well as educating staff about energy conservation at home and at work.

NATURAL GAS CONSUMPTION

Since 2003 the Airport Authority has been continually improving its natural gas efficiency through the installation and expansion of solar-powered hot water heating systems, implementation of night set-backs, CO2 sensors and improved scheduling and system tune-ups.

The Airport Authority has had solar hot water heating systems on the Domestic and International Terminals since 2003. These systems help heat more than 800 gallons of hot water every hour, resulting in an energy savings of \$110,000 each year. This system is so effective that not all the solar panels are being used. In 2009, the International Terminal system was expanded so that the solar panels were being used to their full potential. As this project was completed late in the year, savings are expected to be seen in 2010.

All food and beverage operators in our recently expanded Domestic Terminal C-Pier are supplied with hot water from the Authority's solar-powered hot water distribution system. This means that no tenant had to invest in hot water tanks, thereby reducing natural gas consumption.



The Airport Authority also completed a significant water savings project in 2009, which will save at least 100,000 cubic meters of water use. All public washroom toilets and faucets were retrofitted with a solar powered option. The light in the washrooms powers the unit and a battery is used as a backup, requiring fewer batteries and less maintenance. The toilets have a dual flush feature that uses an invisible light beam to sense the length of time a user is present, then uses a reduced flush to reduce water volume by 30%.

ELECTRICITY CONSUMPTION

The Airport Authority has a long-term goal to improve electricity efficiency, which has resulted in cumulative savings of more than \$6.5-million dollars in electricity costs since 1999.

As the first North American airport to use LED lighting on its taxiways in 2003, YVR has a long history of using this energy efficient technology. The Airport Authority has continued to trial emerging applications of this technology in uses such as office lighting and parkade exit signs. In 2009, our office lighting pilot was expanded to include four locations: three storage facilities and one office setting.

For the 2009 holiday season, the incandescent C9 light bulbs in Chester Johnson Park were replaced with LED lights. Reusing the old light strings, 12,600 old light bulbs were replaced. 500 strings of lights were put up over the entire park. Our old lights consumed over 30,000 kWh, costing over \$1,500 dollars per season in power consumed. New lights consume 8,840 kWh per season, costing approximately \$440 dollars per season in power consumed.

YVR's most recent Power Smart project – completed in April 2009 – involved more than 1,100 metal halide light fixtures in various locations around the airport. The Airport Authority removed 300 unnecessary lights and replaced the others with energy-efficient T5 or T8 fluorescents. Total energy savings from just this one project: 2.1 gigawatt hours or \$80,000.

The first hybrid wind and photo-voltaic panel lighting standard at a Canadian airport was installed in May 2009 on Sea Island. This self-sustaining light system is completely off the grid – energy

generated from the wind and sun is stored in a battery pack and is used to illuminate a pumping station alongside Grant McConachie Way and the Canada Line.

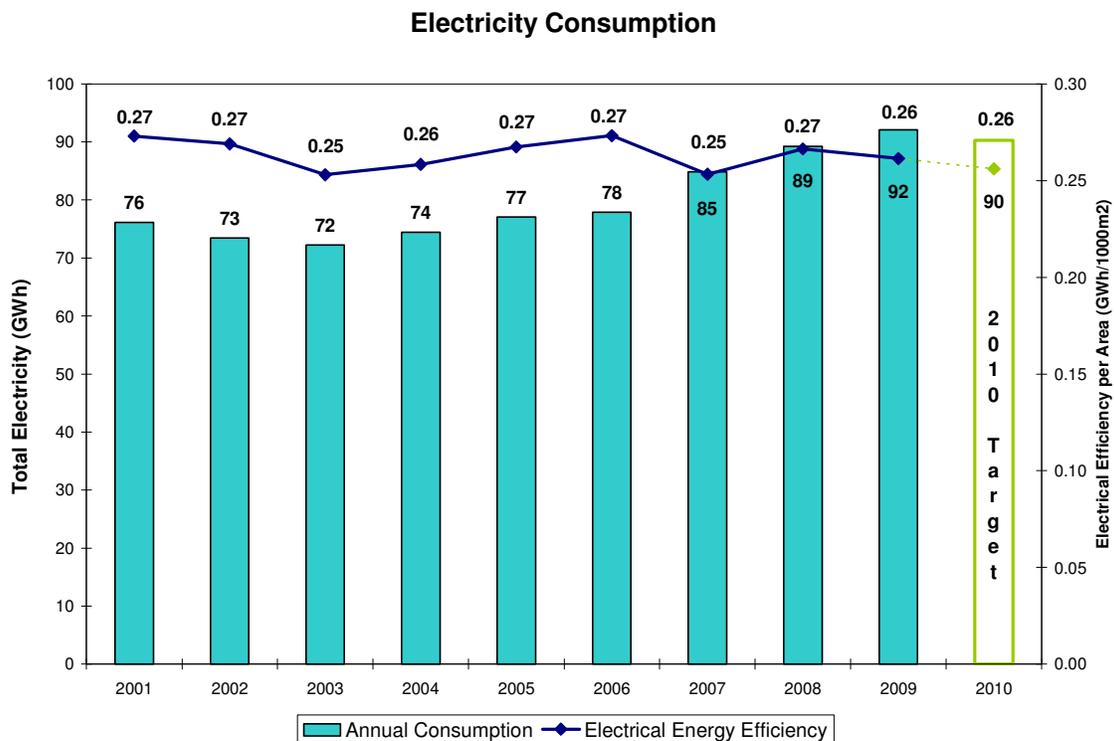
Also in 2009, we introduced use of a solar powered pedestrian crosswalk flashing beacon. Pedestrians can use the push-button activated flashing beacon to alert traffic to their presence at the crosswalk between the Utilities Building and Parkade.

Environment Week activities were held the week of June 1-5, 2009 which were well received by employees. The events included the annual Commuter Challenge, daily intranet trivia, solar panel tour, and the main event, the Energy Showcase.

Our commitment to electrical conservation has enabled YVR to maintain electrical efficiency levels relative to 2001 at year-end 2009, despite the increase in overall building floor space resulting in increased total energy consumption. These new facilities include many design features that improve overall energy efficiency relative to older parts of the terminal, thereby improving electrical consumption per area.

A new target for electrical consumption was set in 2008. Our goal for 2009 is a 2% reduction in electrical energy consumption per square meter.

- ⊖ **2009 RESULT:** 1.9% reduction of electrical energy consumption per square meter¹
- ⊙ **2010 TARGET:** 2% reduction in electrical energy consumption per square meter



¹ This number includes consumption from hold baggage system operated by CATSA

Waste Reduction and Recycling

The Airport Authority oversees a series of programs aimed at increasing recycling by Airport Authority employees, airport tenants and passengers. They focus on educating and enhancing awareness of recycling facilities and practices at YVR.

Waste statistics are tracked for three areas of the airport: terminals, satellite sites and construction projects. 2009 was a record year for waste reduction and recycling at YVR, in which the Airport Authority was able to recycle, compost or reuse:

- 38% of waste from airport terminals
- 35% of waste from satellite sites
- 85% of material from construction projects

Of the total 8,578,738 kg of combined waste from airport terminals, satellite locations and construction projects, 5,664,603 kg or 66% was recycled with the remaining 2,914,135 kg of waste going to the landfill in 2009.

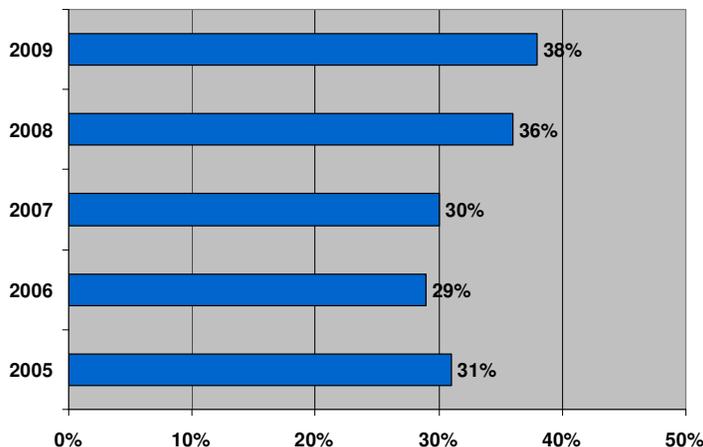
WASTE BY SOURCE 2009

	Recycled (kg)	Landfill (kg)	Total (kg)	Recycled
Terminals	1,255,756	2,022,989	3,278,745	38%
Satellite sites	53,930	99,428	153,358	35%
Construction	4,366,343	791,718	5,158,061	85%
Combined total	5,676,028	2,914,135	8,590,163	66%

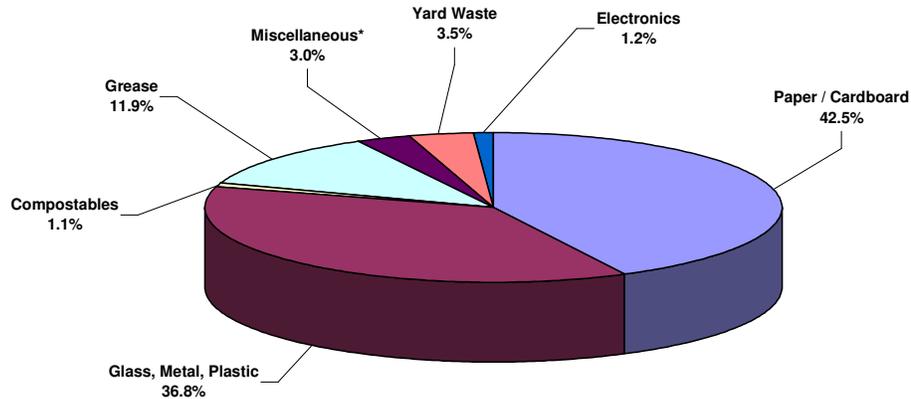
The Airport Authority completed the YVR Waste and Recycling Container Project in 2009. Approximately 450 waste and recycling containers are now placed throughout the airport's public areas, offering passengers the option of recycling at every disposal container. In addition, the Airport Authority also upgraded the public food-court waste stations to make them more accessible and offer recycling at each station.

AIRPORT TERMINAL WASTE DIVERSION RATES (2005-2009)

Percentage of waste recycled, composted or reused



AIRPORT TERMINAL RECYCLING COMPOSITION 2009 (by weight)



*Includes batteries, lights, scrap steel, minor construction waste and wood pallets

AIRPORT TERMINAL WASTE GENERATED AND RECYCLING PER PASSENGER (2005-2009)

	2005	2006	2007	2008	2009
Garbage (kg)	0.121	0.133	0.134	0.123	0.125
Recycling (kg)	0.053	0.054	0.058	0.070	0.078
Total (kg)	0.174	0.187	0.192	0.193	0.203



2009 RESULT:

- Recycled, composted or reused 38% of terminal and satellite waste, surpassing the 32% target
- Recycled, composted or reused 85% of construction waste, surpassing the 75% target



2010 TARGET:

- Greater than 32% waste diversion for terminal and satellite areas
- Greater than 75% waste diversion for construction projects

Water Quality

The Airport Authority's Water Quality Program seeks to minimize or prevent pollution that results from airport-related activities, with a focus on protecting surface and ground water and ensuring sensitive aquatic habitats are not compromised. This is achieved through a strict program of pollution prevention, emergency response preparedness and water quality monitoring.

Three key airport activities have the potential to impact storm water runoff and local water quality: aircraft and runway de-icing, aircraft refuelling, and construction activities. The Airport Authority has strategic control measures and procedures in each of these key areas.

DE-ICING

Aircraft de-icing in winter is necessary for aviation safety reasons. De-icing is done using fluid that contains chemicals such as glycol, which is an environmental pollutant. In 2009 the Airport Authority implemented a new aircraft de-icing contract with the airlines. AeroMag 2010 was retained to be the sole aircraft de-icing service provider at YVR. Ten new state-of-the-art de-icing trucks were purchased to ensure the airport has adequate de-icing capacity. The west de-icing pad was expanded with one new wide body position to increase capacity.

The Airport Authority closely monitors and regulates de-icing activities through management plans and by monitoring airport runoff. In 2009, more than 300 water samples were collected from surface water quality monitoring stations, and analyzed for ethylene glycol and propylene glycol.

Due to the near record amounts of snowfall during the 2008/9 winter, a greater than normal amount of de-icing fluid was used. De-icing fluid is recovered from the de-icing pads and contained in lagoons and then treated in an on-airport treatment plant. In January 2009 both of the airport's glycol lagoons developed leaks which resulted in some glycol entering local groundwater and surface water. The Airport Authority Environment staff collected water samples from the Sea Island ditch outfalls during all de-icing events. Of the 300 samples, four exceeded the Canadian Glycol Guideline limit of 100 parts per million. Two of these results appear to be directly related to one of the leaks. Once discovered, the leaks were contained and repairs made after the fluid could be removed.



2009 RESULT: 4 exceedences



2010 TARGET: 0 exceedences

FUEL SPILL MANAGEMENT

The Airport Authority would prefer that fuel spills not occur and works closely with airlines, ground handlers and tenants to provide training and spill response preparedness. However, in the event that spills do occur, oil-water separators are installed in all new vehicle parking lots and aircraft parking areas at YVR. These oil-water separators are a first line of defense in the event of fuel spills. The second line of defense includes shut-off gates located in drainage ditches at the edge of airport property; these allow ditch flow to be stopped if necessary should there be a spill or other emergency.

In 2009 one new, large oil-water separator was installed in aircraft apron upgrades.

CONSTRUCTION

Excavating soil and the placement of preload materials before a construction project can potentially increase soil erosion and release sediment into sensitive aquatic habitats. The Airport Authority requires strict erosion control measures on all projects that expose soil, and monitors construction projects on an ongoing basis.

To ensure that erosion-control measures are effective, the Airport Authority monitors total suspended solids and turbidity in runoff from construction sites, as well as at the seven drainage ditch discharges from Sea Island to the Fraser River. Results were consistent with previous years, and demonstrate that construction site erosion control efforts have been effective.

2009 Environmental Performance Indicators Summary Table

The Airport Authority is committed to operating YVR in a manner that minimizes its impact on the environment, both natural and urban. The following summarizes environmental performance indicators and results for 2009.

Objective	Measure	2009 Target	2009 Results
REGULATORY COMPLIANCE <i>Comply with environmental legislation & regulations.</i>	Number of violations of environmental regulations	0	0
GLYCOL EXCEEDANCES: <i>Objective: Minimize pollution that results from airport-related activities.</i>	Number of water samples exceeding Canadian Glycol Guideline of 100 parts per million of glycol	0	4
WASTE DIVERSION RATES: TERMINAL AND SATELLITE FACILITIES <i>Decrease the amount of solid waste sent for disposal.</i>	Percentage of waste diverted from landfill from Airport Authority facilities and satellite locations	Greater than 32%	38%
WASTE DIVERSION RATES: CONSTRUCTION WASTE <i>Decrease the amount of solid waste sent for disposal.</i>	Percentage of waste diverted from landfill from Airport Authority construction projects	Greater than 75%	85%
ENERGY: ELECTRICITY <i>Reduce energy consumption.</i>	Percentage of year over year reduction of energy consumption/m ²	2% reduction	1.9% reduction
NOISE ANNOYANCE <i>Minimize aircraft noise disturbance in the community.</i>	Percentage of community indicating they have not been annoyed by aircraft noise (as per Community Survey)	80%	84%

VANCOUVER AIRPORT AUTHORITY
2009 GOVERNANCE REPORT

Our Governance Process

Vancouver Airport Authority's comprehensive governance procedures are contained in the [Board of Directors' Governance Rules and Practices Manual](#), which is available on our website. The Manual includes:

- Administrative guidelines
- Terms of Reference for the Board, Board Chair, President and CEO and Directors
- Code of conduct and conflict of interest guidelines
- Performance evaluation process for the President and CEO and Board of Directors
- Director compensation
- Accountability and transparency practices
- Guidelines, Terms of Reference and membership for each of the Board's committees: Finance and Audit, Governance, Human Resources and Compensation and Planning and Development.

Board of Directors

The following table lists the members of the Board along with the nominating entity that appointed them. The President and Chief Executive Officer also serves as Director.

Director	Representative Capacity (Nominating Entity)	Term Expiry	Committee Memberships (see key below)
Graham Clarke	Chair, Director At Large	2011	b
Larry Berg	President and Chief Executive Officer	n/a	
George Cadman	Government of Canada	2011	b, c
Peter Dhillon	City of Richmond	2011	b, e
Rhys Eyton	Institute of Chartered Accountants of British Columbia	2012	a, f
Bruna Giacomazzi	Director at Large	2010	d, e
Ruston Goepel	Director at Large	2010	e, f
Grayden Hayward	The Vancouver Board of Trade	2012	a, c
Mary Jordan	Director at Large	2010	c, d
Carol Alter Kerfoot	The Law Society of British Columbia	2012	b, f
Philip Owen	City of Vancouver	2011	a,b
Wilson Parasiuk	Metro Vancouver (GVRD]	2011	a,d
John Watson	Association of Professional Engineers and Geoscientists of British Columbia	2011	d, f
Peter Webster	Government of Canada	2012	d,e

- a Finance and Audit Committee
- b Governance Committee
- c Human Resources and Compensation Committee
- d Planning and Development Committee
- e 2010 Olympic and Paralympic Games Task Force
- f Chair Succession Planning Task Force

The Executive Committee

Larry Berg	President and Chief Executive Officer
Bob Cowan ¹	Executive Vice President
Don Ehrenholz ²	Vice President, Airport Operations and Engineering
Tony Gugliotta	Senior Vice President, Marketing and Business Development
Paul Levy	Vice President, Planning, 2010 Olympic and Paralympic Winter Games
Glenn McCoy	Vice President, Finance and Chief Financial Officer
Michele Mawhinney	Vice President, Human Resources
Kevin Molloy	Vice President, Simplified Passenger Travel and Chief Information Officer
Anne Murray	Vice President, Community and Environmental Affairs
Michael O'Brien	Corporate Secretary and Vice President, Strategic Planning and Legal Services

¹Bob Cowan assumed this role in January 2010. His previous position was Senior Vice President, Engineering.

²Don Ehrenholz also assumed this role in January 2010. His previous position was Vice President, Airport Operations.

Subsidiaries

YVR AIRPORT SERVICES LTD.

YVR Airport Services Ltd. (YVRAS) markets the expertise, operating philosophies and leading-edge systems developed at YVR. YVRAS is jointly owned by Vancouver Airport Authority and Citi Infrastructure Investors (CII).

YVRAS' portfolio consists of 18 airports in seven countries and its network of airports welcomed more than 28.5 million passengers in 2009. Visit www.yvras.com for detailed information about YVRAS airports and services.

YVR Airport Services Ltd. Board of Directors

Fidel Andueza-Retegui
Larry Berg
Colin Campbell
Graham Clarke
J.G. Duthie-Jackson
Felicity Gates
Nick Geer
Barry Needham

YVR PROJECT MANAGEMENT

YVR Project Management (YVRPM) is a wholly owned subsidiary of Vancouver Airport Authority established in 2005 to oversee major expansion projects at YVR.

In 2009, YVRPM completed work on key projects such as the Security in Advance of Preclearance project, which improved the departure process for U.S.-bound passengers, and the five-gate C-Pier expansion project.

YVR Project Management Senior Management

Ray Zibrik

President

Rick Stewart

Manager, Project Control

Our Planning Process

The Airport Authority has a five-tiered planning process to guide airport operations and development in the short, medium and long terms. The Strategic Plan provides the fundamental direction—the Mission, Vision and Values—for the organization.

The Master Plan looks forward 20 years to ensure the best allocation of YVR resources. The Master Plan process includes a significant public consultation program and evaluates potential airside, terminal, and ground access and parking development options based on comprehensive sustainability criteria that are divided into four areas: Governance, Economic, Environmental and Social. The Airport Authority’s most recent Master Plan and accompanying Land Use Plan, [YVR: Your Airport 2027 Master Plan](#), is available on our website.

The Capital and Financial Plans determine the funding and timing of airport infrastructure developments. The Detailed Strategic Plan looks five years out and provides the planning context for the annual Business Plan. The Business Plan outlines the Airport Authority’s objectives and initiatives for the coming year.

Corporate Governance Report

PART ONE – CORPORATE GOVERNANCE

I. Introduction

The Airport Authority’s Board of Directors and management regard effective corporate governance as critical to the proper execution of its responsibilities. Corporate governance refers to the process of establishing structures, policies and procedures to ensure adequate stewardship of the business and affairs of the Airport Authority. This includes ensuring the financial viability of the business.

The Board’s fundamental role is to ensure that the Airport Authority fulfils its objectives in a safe, efficient and reliable manner. Its responsibilities include oversight, review, and approval of the Airport Authority’s strategic plan, long-term financial plans and annual budgets. Maintaining the integrity of internal controls, assuring prudent plans are in place for Board renewal and management succession, and making sure there is a policy to enable effective communications with employees, business partners and the community are also critical Board functions.

II. Composition of the Board

Except for the president, all Directors are *unrelated Directors*. Each is independent of management and free from any interest, business or other relationship that could, or could reasonably be perceived to, interfere materially with the Director’s ability to act with a view to the best interests of the Airport Authority. The Airport Authority’s President

and Chief Executive Officer is a related member of the Board by virtue of his position in management.

The Airport Authority's By-laws permit a maximum of 15 Directors. As described previously, nine Directors are appointed by *Nominating Entities*, up to five Directors are appointed by the Board from the community at large and, as noted above, one seat on the Board is held by the President and CEO of the Airport Authority.

The following organizations, Nominating Entities, appoint Directors:

- The Association of Professional Engineers and Geoscientists of British Columbia - One Director
- City of Richmond - One Director
- City of Vancouver - One Director
- Government of Canada – Two Directors
- Metro Vancouver – One Director
- The Institute of Chartered Accountants of British Columbia - One Director
- The Law Society of British Columbia - One Director
- The Vancouver Board of Trade – One Director

Collectively, Directors must possess knowledge in relation to transportation, aviation, business, finance, law, government, the organization of workers and the interests of consumers. Directors normally serve a three-year term and are eligible for re-appointment. The Board usually meets six times annually.

III. Committees of the Board

The Finance and Audit Committee ensures that the Airport Authority has a rigorous system of internal controls and financial reporting and is in compliance with applicable laws and regulations as they relate to financial disclosure. As part of its function, the Committee assesses the effectiveness of the Airport Authority's business practices and policies that affect the financial position of the Airport Authority such as: internal auditing; accounting; insurance; risk management; information systems; financial controls; and management reporting. The Committee also reviews: airport finances, including the retirement or issuing of debt; the financial impact of major capital projects and annual budget assumptions. The Committee is responsible for recommending the appointment of the Airport Authority's auditors to the Board. All members of the Committee must have a basic level of financial literacy.

The Governance Committee is responsible for ensuring that Board governance practices enhance corporate performance and meet accepted levels of transparency and accountability. The Committee is also responsible for the process of recruiting and recommending to the Board candidates from the community for Director at large positions and for recommending the Directors' remuneration plan to the Board. It also reviews the Airport Authority's environmental management system and plans to ensure that the Airport Authority achieves both compliance and continual improvement. Finally, the Committee annually reviews the Airport Authority's Communication Policy, Facility Permit Process, and government relations activities.

The Human Resources and Compensation Committee oversees human resources and compensation policies and ensures that there is a plan for the development and orderly succession of executive and other key employees. It annually reviews the performance evaluation process for the President and the adequacy of executive compensation arrangements.

The Planning and Development Committee assists the Board in fulfilling its responsibility for long-range planning including strategic, master and capital plans. It reviews the plans, scope, schedule and budget for major capital projects. The Committee also oversees land and commercial development to ensure that it is designed to achieve the Airport Authority's strategic objectives of enhancing revenues, becoming the best in customer service and ensuring that the airport continues to be a key economic generator for the community.

When circumstances require, the Board may also establish task forces. Task forces are created to deal with a specific issue and are constituted for a defined period of time.

The 2010 Olympic and Paralympic Games Task Force, constituted in 2008, continued its work in 2009. It reviews the Airport Authority's preparations, plans, and execution of said plans for the Vancouver 2010 Winter Olympic and Paralympic Winter Games and makes program recommendations to the Board. The Task Force also considers all other matters as may be necessary to achieve the Airport Authority's stated goal of providing the best airport experience ever associated with an Olympic and Paralympic Games.

In 2009, the Board established a **Chair Succession Planning Task Force** to review preparations and plans and make recommendations to the Board regarding chair succession. The Task Force completed its work in December 2009.

IV. Code of Conduct for Directors

All Directors of the Airport Authority are required to comply with a Code of Conduct and Rules Concerning Conflicts of Interest. These require that Directors avoid involvement in situations of conflict of interest.

Every Director of the Airport Authority is required to file a disclosure statement upon becoming a Director. Thereafter, each Director must file an annual disclosure statement, which is reviewed by the Chair, the President, the Corporate Secretary and the Airport Authority's external auditors. In addition, any Director may review the statements upon request to the Corporate Secretary.

The Airport Authority's by-laws require that it report annually in writing on the Directors' compliance with its conflict of interest guidelines. The Airport Authority confirms that all Directors have complied in full with the Rules Concerning Conflicts of Interest.

PART TWO - EXECUTIVE AND BOARD COMPENSATION

I. Executive Compensation Philosophy

The objectives of the Airport Authority's executive compensation program are:

1. To attract and retain the caliber of executive required to ensure the Airport Authority remains a global leader; and
2. To motivate our executives to achieve successful business results and reinforce accountability to our customers and our community.

The key elements of the executive compensation program are base salary and incentive compensation. Incentive compensation is dependent on achieving the following corporate and individual performance objectives:

Incentive Measures

Non-Aeronautical Revenues: To increase non-aeronautical revenues.

Variable Operating Costs: To improve the Authority's net operating margin which is defined as revenue (excluding airport improvement fees) less operating costs.

Customer Service: To improve the annual satisfaction score on the customer satisfaction survey. The survey is based on passenger evaluations and is conducted quarterly by an independent external firm.

Community Relations: To enhance the accountability and relationship with our community. This is measured using survey results which rate the overall impression of the Vancouver Airport conducted annually by an independent external firm.

Return on Capital Assets: To earn a reasonable level of return on capital assets.

Excess Revenue over Expenses: To improve the excess of revenue over expenses.

Individual Objectives: Each executive has up to four stretch goals to achieve. The goals are established at the beginning of each year through consultation with the CEO.

Commencing in 2009, the executive incentive program also measures sustained performance over the longer term (3-years) based on two key financial measures listed above: Return on Capital Assets and Excess Revenue over Expenses.

Peer Group for Pay Comparisons

In determining executive pay levels, the Airport Authority is compared to autonomous privately held companies from a variety of industries across Canada. As an additional point of reference, comparisons are also made to private sector subsidiary organizations as well as other major domestic and international airports. A size adjustment is made to the compensation data for the comparator firms' revenues in relation to the Airport Authority's revenue.

Market Positioning

The Airport Authority targets compensation at the median of the peer group as adjusted for differences in revenue, with the opportunity for pay to exceed median when individual and corporate performance exceeds expectations.

II. Executive Compensation Review Process

The Authority's policy is for the Human Resources and Compensation Committee to retain an independent compensation consultant to provide market compensation data, which is one factor used to inform compensation decisions, as well as assistance with incentive plan design and information on trends in executive pay. The Committee then recommends to the Board the compensation of the CEO and the executive team after considering the market data, as well as individual and corporate performance.

In 2008, the Board established a compensation task force to conduct a comprehensive review of executive pay. To assist with this review, the Airport Authority retained the services of an independent compensation consultant, Towers Watson. Based on the results of this review, the Human Resources and Compensation Committee updated the compensation philosophy, developed a compensation framework, and modified the incentive program to align more closely with the Airport Authority's business strategy.

III. **Executive Compensation**

The salary range for the President is \$368,000 to \$552,000, with a midpoint of \$460,000. The President participates in a short-term incentive program that has a target opportunity of 55% of base salary.

The salary range for Vice Presidents (Executive Vice President, Senior Vice President, and Vice President) is \$160,000 to \$294,000. Vice-Presidents participate in a short-term incentive program that has a target opportunity of 30% of base salary.

During 2009, executive salaries were frozen in light of industry conditions.

Executives also participate in post-retirement arrangements as reported in the Consolidated Financial Statements, footnote No.18.

IV. **Directors' Remuneration**

Each year, the Governance Committee obtains independent compensation advice to provide market compensation data on which Directors' remuneration decisions are based.

The President, who is an employee of the Airport Authority, is not remunerated for services as a Director.

The remuneration for non-management Directors is:

Annual Retainer	Chair	\$115,000
	Committee Chair	\$ 26,000
	Other Directors	\$ 20,000
Board and Committee meeting attendance fee		\$1,000
Other meeting fee		\$ 500

Subject to approval from the Governance Committee, Directors are reimbursed for all reasonable out-of-pocket expenses. Out of town travel expenses incurred to attend to the business of the Airport Authority must be pre-approved by the Chair in the case of

Directors and by the Governance Committee Chair in the case of the Chair. Travel expenses for attendance at Board and Committee meetings are not reimbursed unless the Director resides outside the Metro Vancouver Regional District.

The total remuneration paid during 2009 to each Director was as follows:

G. Clarke ¹	\$151,000	M. Jordan ²	\$36,000
G. Cadman ²	\$37,500	C. Kerfoot	\$34,000
P. Dhillon ²	\$41,000	P. Owen ²	\$40,500
R. Eyton ²	\$39,000	W. Parasiuk	\$36,500
B. Giacomazzi	\$39,000	J. Watson ²	\$39,000
R. Goepel ²	\$45,500	P. Webster	\$38,000
G. Hayward ²	\$38,000		

¹ Mr. Clarke's remuneration also includes fees earned as the Chair of YVRAS. He received \$115,000 as Chair of the Airport Authority Board and the remainder as Chair of YVRAS.

² These Directors served as committee chairs during all or portions of 2009.

In addition to the above remuneration, Directors were reimbursed for expenses totaling \$3,548 in 2009.

PART THREE - PURCHASING POLICIES

I. Conflict of Interest and Confidentiality

All Airport Authority employees and consultants must comply with the Airport Authority's Conflict of Interest Guidelines.

II. Environmental and Safety Considerations

The Airport Authority is committed to meeting or exceeding any laws or regulations concerning both environmental protection and workplace safety. During the purchasing process, suppliers are encouraged to offer, and the buyer will seek out, environmentally responsible products or services. Contractors and suppliers will be required to abide by all Airport Authority safety and environmental rules and regulations.

III. Insurance

No contractor shall commence work on the Airport Site until evidence of adequate insurance and WCB coverage is provided.

IV. Acquisition Methods

Best Value Purchasing

Best value purchasing is assessed in terms of legal and financial risks as well as timing of delivery, quality, pricing, life cycle costs including warranties, operating and maintenance costs, disposal, and any other costs associated with ownership, function, and use.

Competitive Submissions

In general, the procurement of goods, services and construction service contracts in excess of \$100,000 (in 2000 dollars, subject to an annual adjustment for inflation) will be awarded following a competitive process.

The Airport Authority will provide information to all proponents including:

- written competitive specifications
- proposed terms and conditions
- whether alternatives will or will not be considered
- an indication of the evaluation criteria that will be used to assess the offer.

If a site visit or contractor meeting is required prior to submission closing time, the Airport Authority will ensure all proponents are invited. At the conclusion of the meeting, the Airport Authority will prepare and distribute minutes of the meeting, and issue in writing any required addenda to all contractors.

Submissions will be received in accordance with the instructions given by the Airport Authority. The Airport Authority reserves the right to accept or reject late or incomplete submissions. Following the submission Closing Time, submissions are opened by Purchasing and Contracting Services in the presence of a witness. All submissions are initialed, and date and time stamped at time of opening.

Exceptions

Exceptions to this policy may be made in the circumstances described below. The person with the appropriate signing authority will state in writing upon what grounds the exception is being made.

Reasons for exceptions:

1. The goods or services are of a proprietary nature or there is only one qualified supplier;
2. The urgency of a safety, security or critical operating need so requires;
3. Compliance with a product or equipment standardization program;
4. The supplier has satisfactorily performed previous related services that provided a cost saving to the Airport Authority;
5. The essential partnership of the transaction exists between a major third party (for example, airlines, hotels, cruise ship lines) and the supplier;
6. The value of the product or service does not warrant the cost and time required to invite competitive submissions;
7. The supplier has been awarded a contract for a similar product or service by the Airport Authority as the result of a competitive process within the previous five (5) years.

PART FOUR - REPORT ON SINGLE-SOURCE CONTRACTS IN EXCESS OF \$100,000

The table below reports contracts for the purchasing of goods and services in excess of \$121,000 (\$100,000 in 2000 dollars) awarded during 2009, which were not awarded on the basis of a competitive process. In all there were 79 sole-source contracts with a combined value of approximately \$48 million. These contracts represent approximately 16% of the Airport Authority's expenditures on materials, supplies, services and capital in 2009.

	Contract Value	Contractor	Description of Contract	Reasons*
1	\$9,641,585	Vestergaard Company Inc.	De-icing trucks and support systems	4
2	\$3,810,284	Percon Construction	Sea Island Remote Terminal facility	2
3	\$3,453,750	City of Richmond	RCMP security services	1
4	\$1,736,500	Eagle Airfield	Four sweeper units	4
5	\$1,423,347	Vestergaard Company Inc.	De-icing truck chassis	4
6	\$1,342,837	BC Commissionaires	Shuttle bus drivers	4
7	\$1,316,463	ARINC Int'l of Canada	IT support services	4
8	\$1,237,152	Motorola	Replacement of trunk radio system	1
9	\$1,107,300	Eagle Airfield	Two Oshkosh P-series trucks with snowplows	4
10	\$1,079,180	Eagle Airfield	Oshkosh H-series multi-purpose blower and runway sweeper	4
11	\$997,140	BC Commissionaires	Parking lot operators and cashier services	4
12	\$957,000	Airport Wildlife Management International	Wildlife hazard management programs	1
13	\$949,000	Fujitec Canada	Annual service contract	1
14	\$904,386	Concord Security	Curbside operations services	7
15	\$645,102	Long View Systems Corp	Network refresh	1
16	\$626,934	ARINC Int'l of Canada	Replace and/or refresh peripheral computer equipment for 349 common use terminal stations	7
17	\$591,760	ARINC Int'l of Canada	Boarding gate readers	4
18	\$590,000	Canada Line Rapid Transit Co.	Pavement upgrades to YVR Airport Station	7
19	\$569,791	Babcock Airports	Baggage and passenger tracking system	1
20	\$559,650	Fujitec Canada	Elevators and escalators for Domestic Terminal Level 3/4 fit-out	4

	Contract Value	Contractor	Description of Contract	Reasons*
21	\$541,900	QinetiQ Limited	Support services for Tarsier Systems	1
22	\$522,411	Long View Systems Corp	Replace/refresh equipment for 349 common use terminal stations	7
23	\$500,000	Westguard	Wildlife control	2
24	\$500,000	Vanderlande Industries Canada	Repair of tracks for three baggage sorters	1
25	\$465,000	Vanderlande Industries Canada	Additional catwalks for Domestic Terminal hold baggage screening and Link baggage systems	4
26	\$450,018	Marquise Facilities Corporation	Support services for the Security in Advance of Preclearance process	2
27	\$406,829	ARINC Int'l of Canada	Boarding pass printers	4
28	\$381,000	Heritage Office Furnishings	Link 2 Level 5 office furniture	7
29	\$374,880	Eagle Integrated Solutions	ATIMS (asset tracking and incursion management)	1
30	\$372,740	Marquise Facilities Corporation	Customer Care, International Arrivals Area	4, 7
31	\$356,768	ARINC Int'l of Canada	Boarding pass printers	4
32	\$352,565	Artcraft Display Graphics	Interpretive interactive kiosks	3
33	\$350,000	InterVistas Consulting	Marketing and strategic planning support	4
34	\$345,000	Ledcor Special Projects	Customer Care counters' augmentation and improvements	4, 7
35	\$321,000	Vancouver Aquarium	International Terminal aquarium services	1
36	\$317,800	Eagle Airfield	Modifications to existing snowplows	4
37	\$307,200	IBM Canada	18 check-in kiosks	4
38	\$297,877	Crosstown Metal Industries Ltd.	Fabrication and installation of 75 flight information display holders	4
39	\$295,492	Forms & Surfaces	Recycling and waste containers	3, 7
40	\$289,879	Concord Security	Curbside operations services	7
41	\$277,000	Sierra Systems	Automated Border Clearance – SOW device replacement integration	1
42	\$253, 480	B.C. Communications	Motorola hand-held radios	1
43	\$253,305	Ledcor Special Projects	Templeton dry chemical storage project	4, 7
44	\$248,182	ARINC Int'l of Canada	IT Support Services	4
45	\$247,201	Marquise Facilities Corporation	Summer student program	4
46	\$242,000	Glidepath Systems Ltd.	International VDS relocation	7

	Contract Value	Contractor	Description of Contract	Reasons*
47	\$226,048	Long View Systems Corp.	Refresh of ARINC service room equipment	7
48	\$221,826	AE Concrete	Supply and delivery of oil water separator	4
49	\$217,713	Blue Marble	PDR development and schematic design	7
50	\$215,914	Oracle Corporation Canada	Oracle database software and license	1
51	\$202,000	Hatch Mott MacDonald	Design services for de-icing pad	4
52	\$193,696	Seair Seaplanes	Management of common-use seaplane facility	1
53	\$193,321	ARINC Int'l of Canada	Services required to replace common use terminal equipment	7
54	\$193,000	InterVistas Consulting	Customer service survey program	4
55	\$192,049	Hatch Mott MacDonald	Construction services for de-icing pad	4
56	\$190,000	Canada Line Rapid Transit Inc.	Soft landscaping for YVR Airport Station	4
57	\$185,000	Chevron	Diesel fuel	4
58	\$184,976	ARINC Int'l of Canada	Boarding pass printers	4
59	\$180,000	Gateway Council	Western Economic Diversification Study	4
60	\$179,358	OptinNet Systems Inc.	International Terminal sterile area closed circuit TV enhancements	2
61	\$177,104	Vanderlande Industries Canada	Installation of ATR and manual coding station	1
62	\$174,000	Vanderlande Industries Canada	Installation of CTX machine	7
63	\$171,078	Aeroplan	Aeroplan points issued at YVR parking	1
64	\$159,078	Babcock Airport	Compliance procedure for Babcock software service for Security in Advance of Pre-Clearance tracking system	1
65	\$156,530	Marquise Facilities Corp	Baggage cart retrieval in Domestic Transfer Facility Levels 2 and 4	7
66	\$156,616	Federal APD	Supply and access gates for Templeton parking lot	3
67	\$154,590	Marquise Facilities Corp	Customer Care, Domestic Transfer Facility	4
68	\$154,428	Long View Systems Corp.	LCDs for Link 2 building	4
69	\$150,000	Ledcor Special Projects	Addition of a third screening line at Domestic Transfer Facility pre-board screening	4
70	\$145,000	Critter Rescue	Pest control management	4
71	\$144,820	Vanderlande Industries Canada	Beumer tilt tray services	1
72	\$143,172	Mainland Lower Mainland Contracting Ltd.	Groundside maintenance services	4

	Contract Value	Contractor	Description of Contract	Reasons*
73	\$139,949	Long View Systems Corp.	75 LCDs for Transborder check-in counters	7
74	\$137,760	IBM Canada Ltd.	Common use self service kiosk passport readers for automated border clearance	7
75	\$135,108	ARINC International of Canada	Software and license support	4
76	\$135,000	Ledcor Special Projects	Trunked radio room	4, 7
77	\$134,803	Babcock Airports	Baggage control system software support	1
78	\$134,500	Ledcor Special Projects	Domestic Transfer Facility Level 4 pilot and interim phase fit-out	4
79	\$130,000	Vanderlande Industries Canada	Link Hold Baggage Screening concept design for baggage system	3

**Reasons are explained below and on page 47.*

Reasons for exceptions:

1. The goods or services are of a proprietary nature or there is only one qualified supplier;
2. The urgency of a safety, security or critical operating need so requires;
3. Compliance with a product or equipment standardization program;
4. When the supplier has satisfactorily performed previous related services that provided a cost saving to the Airport Authority;
5. The essential partnership of the transaction exists between a major third party (for example, airlines, hotels, cruise ship lines) and the supplier;
6. The value of the product or service does not warrant the cost and time required to invite competitive submissions;
7. The supplier has been awarded a contract for a similar product or service by the Airport Authority as the result of a competitive process within the previous five (5) years.

PART FIVE - GUIDELINES FOR CORPORATE GOVERNANCE

The Airport Authority chooses to report against National Policy 58-201 Corporate Governance Guidelines and the accompanying National Instrument 58-101 Disclosure of Corporate Governance Practices.

The following table demonstrates how Vancouver Airport Authority meets these Corporate Governance Guidelines.

Vancouver Airport Authority Corporate Governance Disclosure	
Guideline	Disclosure
<p>1. The Board of Directors Disclose:</p> <ul style="list-style-type: none"> ➤ Independent Directors and whether or not majority are independent. ➤ Directors who are not independent and explain. ➤ If Independent Directors hold regularly scheduled meeting at which members of management are not in attendance. ➤ If the Chair of the Board is an Independent Director, the identity of the Chair and his or her responsibilities. ➤ Disclose the attendance record of Directors. 	<ul style="list-style-type: none"> ➤ All Directors are independent with the exception of the President and CEO, who as an employee and executive officer of the Airport Authority. is not independent. ➤ Independent Directors hold an <i>in camera</i> session, without the presence of management, at every Board and committee meeting. ➤ Graham Clarke, the Chair, is an Independent Director. The Chair's Terms of Reference can be found at Tab 4 in the Board's Governance Rules and Practices Manual, published at http://www.yvr.ca/en/about/leadership/Directors/BoardManual.aspx ➤ Director attendance is reviewed annually by the Governance Committee. In 2009, there were 30 meetings of the full Board and Board Committees. Including all of these meetings, the Board had an overall average attendance rate of 98%.

Vancouver Airport Authority Corporate Governance Disclosure		
Guideline		Disclosure
2.	<p>Board Mandate</p> <ul style="list-style-type: none"> ➤ Disclose the text of the Board’s written mandate. 	<ul style="list-style-type: none"> ➤ The Administrative Guidelines and Terms of Reference for the Board of Directors can be found at Tabs 2 and 3 respectively in the Board’s Governance Rules and Practices Manual, published at http://www.yvr.ca/en/about/leadership/Directors/BoardManual.aspx
3.	<p>Position Descriptions</p> <p>Disclose:</p> <ul style="list-style-type: none"> ➤ Whether the Board has developed written position descriptions for the Chair, and the Chair of each Board Committee. ➤ Whether the Board and CEO have developed a written position description for the CEO. 	<ul style="list-style-type: none"> ➤ The Terms of Reference for the Chair (Tab 4), Guidelines for Committees (Tab 15b) and Terms of Reference for each individual Committee (Tabs 15c to 15f) can be found in the Board’s Governance Rules and Practices Manual, published at http://www.yvr.ca/en/about/leadership/Directors/BoardManual.aspx The Airport Authority thinks the latter two provide sufficient guidance to Committee Chairs. ➤ Terms of Reference for the President and CEO can be found at Tab 5 in the Board’s Governance Rules and Practices Manual, published at www.yvr.ca.
4.	<p>Orientation and Continuing Education</p> <p>Briefly describe:</p> <ul style="list-style-type: none"> ➤ What measures the Board takes to orient new Directors regarding the role of the Board, its committees and its Directors and the nature and operation of the corporation’s business. ➤ What measures the Board takes to provide continuing education for its Directors and how the Board ensures its Directors maintain the skill and knowledge necessary to meet their obligations as Directors. 	<ul style="list-style-type: none"> ➤ The orientation and continuing education programs are described in Tab 8 Director Development and Education Plan in the Board’s Governance Rules and Practices Manual, published at http://www.yvr.ca/en/about/leadership/Directors/BoardManual.aspx. An orientation checklist is prepared for each new Director and the completed list is circulated to the Governance Committee. The Education and Development program is reviewed annually by the Governance Committee.

**Vancouver Airport Authority
Corporate Governance Disclosure**

Guideline	Disclosure
<p>5. Ethical Business Conduct Disclose:</p> <ul style="list-style-type: none"> ➤ Whether the Board has adopted a written code of conduct; how an interested party may obtain a copy; and how the Board monitors compliance with its code. ➤ Any steps the Board takes to ensure Directors exercise independent judgment in considering transactions and agreements in respect of which a Director or executive officer has a material interest. ➤ Any other steps the Board takes to encourage and promote a culture of ethical business conduct. 	<ul style="list-style-type: none"> ➤ The Code of Conduct for Directors and Rules Concerning Conflicts of Interest can be found at Tab 7 in the Board’s Governance Rules and Practices Manual, published at http://www.yvr.ca/en/about/leadership/Directors/BoardManual.aspx Each Director is required to file an annual disclosure statement; the statements are reviewed by the Chair, President and Corporate Secretary and are available for review by any Director upon request to the Corporate Secretary. ➤ Should a Director engage in an activity which may be construed as a conflict, the Director must make full disclosure to the Chair who will rule on the conflict in writing. It would be a very rare occurrence for a Director or Executive to have a material interest in a transaction or agreement being considered by the Board; should this occur, the Director or executive will recuse him- or herself from the Board discussion and decision making. ➤ The by-laws require an annual statement on Directors’ compliance with conflict of interest guidelines. See Part One, Section IV of this report. The Chair has appointed the Corporate Secretary to serve as the Designated Officer for the administration of rules for Airport Authority employees concerning Conflict of Interest. The Board adopted a formal Whistleblower Policy in 2004 and revised the policy in 2009; copies of the policy are available upon request to the Corporate Secretary.

**Vancouver Airport Authority
Corporate Governance Disclosure**

Guideline	Disclosure
<p>7. Compensation Disclose:</p> <ul style="list-style-type: none"> ➤ The process by which the Board determines the compensation for Directors and officers. ➤ Whether or not the Board has a compensation committee composed entirely of Independent Directors. ➤ If the Board has a compensation committee, describe the responsibilities, powers and operation of the committee. ➤ If a compensation consultant or advisor has at any time since the beginning of the corporation's most recently completed financial year been retained to assist in determining compensation for any of the issuer's Directors and officers, disclose the identity of the consultant or advisor and summarize the mandate for which they have been retained. 	<ul style="list-style-type: none"> ➤ See Part Two - Executive and Board Compensation of this report. ➤ The Human Resources and Compensation Committee is composed entirely of Independent Directors. ➤ The Human Resources and Compensation Committee's Terms of Reference can be found at Tab 15d in the Board's Governance Rules and Practices Manual, published at http://www.yvr.ca/en/about/leadership/Directors/BoardManual.aspx ➤ Towers Watson was engaged by the Human Resources and Compensation Committee to provide independent compensation advice with regard to the executive compensation plan.
<p>8. Other Board Committees</p> <ul style="list-style-type: none"> ➤ Disclose whether or not the Board has standing committees other than audit, compensation and nominating committees and describe their function. 	<ul style="list-style-type: none"> ➤ The Board also has a Planning and Development Committee. Its Terms of Reference can be found at Tab 15f in the Board's Governance Rules and Practices Manual, published http://www.yvr.ca/en/about/leadership/Directors/BoardManual.aspx

**Vancouver Airport Authority
Corporate Governance Disclosure**

Guideline		Disclosure
9.	<p>Assessments</p> <ul style="list-style-type: none"> ➤ Disclose whether or not the Board, its committees and individual Directors are regularly assessed with respect to their effectiveness and contribution and describe the process used for the assessment. 	<ul style="list-style-type: none"> ➤ This is an annual process, which is set out in Tab 10 – The Board Evaluation Process in the Board’s Governance Rules and Practices Manual, published at http://www.yvr.ca/en/about/leadership/Directors/BoardManual.aspx

VANCOUVER AIRPORT AUTHORITY
2009 SOCIAL REPORT

Our People

Our people are critical to our success. With 416 employees, of whom 332 are members of the Public Service Alliance of Canada (PSAC), the Airport Authority strives to create a workplace where employees truly enjoy and are fulfilled by their jobs. Through skills development, employee recognition and health and wellness, we endeavour to create an environment that supports and develops our employees.

The average age of an Airport Authority employee is 44 with an average length of service of nine years. Our voluntary five-year average turn-over rate is 5.4 percent with a consistently high average attendance rate of 97 percent. The Airport Authority's annual voluntary turn-over rate decreased from 5.8 percent to 2.9 percent in 2009.



2009 RESULT: 97 percent employee attendance rates



2010 TARGET: 96 percent employee attendance rates

Investing in Our People

One of the ways we maintain a highly skilled and efficient workforce is by investing in the development of our team members, listening to feedback and recognizing outstanding contributions. We are committed to providing Airport Authority employees with extensive on-the-job and classroom training and the opportunity to identify and pursue their strengths.

CAREER DEVELOPMENT

To enable a cross-functional and flexible team, Airport Authority skilled trade employees are encouraged to develop proficiency in a second trade. In 2009, approximately 60 percent of the Airport Authority's maintenance trades group were dual-ticketed or in the process of becoming dual-ticketed. Also in 2009, the Airport Authority supported apprenticeship training for 13 tradespersons.

The Airport Authority maintains a target of 35 hours of training per employee on average during normal work hours each year. In 2009 we exceeded this target with an average of 40 hours of training and apprenticeship hours per employee. The overall amount of training declined from previous years, in part, given the focus on Olympic preparations. We also offer up to \$20,000 reimbursement on the successful completion of education programs outside of normal work hours.

All new managers participate in a management assessment program prior to being hired; information from this assessment is used to create personalized development plans. Managers have access to skills development training through both corporate training programs and department specific programs.

Other ways we facilitate employee training and education include:

- Educational leave of absence
- Salary deferral to ensure an income during educational leave
- On-site department-specific training
- On-site training for desktop applications, corporate applications and productivity tools

- Day course/conference attendance during normal work hours
- Interest-free loans for computer purchases

AIRPORT AUTHORITY EMPLOYEE TRAINING (2005- 2009)

	2005	2006	2007	2008	2009
Total training hours (not including apprenticeship time)	16,264	14,758	18,244	20,585	11,657
Average training hours per full-time equivalent position (not including apprenticeship time)	45	40	48	49	28
Total apprenticeship hours	4,032	3,276	3,454	2,400	5,038
Total training and apprenticeship hours	20,296	18,065	21,698	22,985	16,695
Average training/apprenticeship hours per full-time equivalent position	57	48	58	55	40



2009 RESULT: 40 hours of training per employee on average



2010 TARGET: 35 hours of training per employee on average

SEEKING FEEDBACK FROM OUR TEAM

Employees are one of our most valuable sources of information and we listen to what they have to say. We engaged an external training consultant to gain feedback from our team on our current training program and to develop a comprehensive three-year corporate training plan. The program was completed in 2009 and there are plans to review and develop another three-year plan.

Another way to gain feedback and support career development is through the Airport Authority's CheckPoint performance review and career development process. CheckPoint is the Airport Authority's performance review tool to look at performance, acknowledge accomplishments and provide employees with coaching and training for their individual development. The process also seeks to align employee efforts and education with organizational plans.

In addition to our ongoing initiatives to support open communication, all-employee meetings are held three times per year and include updates from department managers and the executive committee on business results and organizational objectives. Employees are invited to ask questions, provide feedback and share information with other employees and the management team.



2009 RESULT: 90 percent of employees took part in a performance review



2010 TARGET: 100 percent of employees take part in a performance review

RECOGNIZING AND REWARDING OUR PEOPLE

The success of our employees is critical to the success of our organization. The Airport Authority strongly believes in rewarding employees who, through their actions and achievements, have made an outstanding contribution to our collective success.

The Totem Awards is a recognition program whereby winners who exemplify corporate values in four key areas: achievement-driven and proactive, leading-edge service, teamwork and loyalty, and innovation and creativity are nominated by their peers.

Among the Airport Authority's other employee award and recognition programs:

- Service Awards to recognize employees' service milestones
- The Bravo Program, which gives managers the opportunity to recognize employees' accomplishments with cards and gift certificates
- The Suggestions That Achieve Results (STAR) program, awarding employees for suggestions that generate revenue or result in savings or other, non-financial improvements
- The annual President's Award for Safety Excellence, which encourages employees to make safety their top priority by recognizing a team's proactive safety habits
- Employee referral program which rewards employees with \$1000 if the Airport Authority hires their referral.

Health and Safety

The health and safety of our employees is one of the Airport Authority's top priorities. We adhere to the highest standards for employee health and work to build a safety-oriented workplace culture. Our health and safety initiatives include:

- A rigorous construction safety and asbestos monitoring program
- An employee-driven wellness program
- A robust Disability Management and Return to Work Program
- Annual Airport Authority-sponsored influenza vaccinations offered to employees and their families
- Regular hearing tests and custom-fit hearing protection for maintenance and airside employees
- Noise and indoor air quality tests for Airport Authority staff and tenant workplaces
- Strategies to address public health concerns, such as the West Nile, Norwalk and Pandemic Influenza viruses

WELLNESS

The Airport Authority's Wellness Program, now in its eighth year, is an incentive-based program that promotes physical fitness, nutrition and wellness. Supporting various initiatives and health-related events for employees, the program is overseen by an employee-management Wellness Committee, and in 2009, saw more than 92 percent participation.

Also in 2009, the program sponsored an annual Airport Authority Sun Run team—the Vancouver Airport Authority Run-A-Ways—including running clinics, and provided on-site fitness activities and health and wellness education seminars, including a 10-week boot camp, and *Lunch and Learn* sessions with topics ranging from nutrition to stress management.

EMPLOYEE AND FAMILY ASSISTANCE PROGRAM

The Employee and Family Assistance Program allows Airport Authority employees to access confidential, professional assessment, guidance and counselling for a broad range of personal and family issues.

A CULTURE OF SAFETY

Empowering employees to identify hazards in their workplace and to reduce the threat and occurrence of injuries and health problems in their daily work are key to a safe workplace. Our comprehensive safety initiatives extend beyond our employees to include tenants, construction contractors and major service providers, as well as travellers. These initiatives include:

- Submission of annual departmental safety goals and objectives
- A stringent contractor safety pre-qualification process and safety orientation for all construction contractors for the Airport Authority
- Ongoing facility public safety inspections
- Regular departmental safety inspections
- Employee-led training sessions on safe work practices
- A standardized root-cause analysis accident and incident investigation program
- A comprehensive computer-based safety training system for recurrent training, including specific safety committee training modules, new employee safety orientation, supervisor safety accountability modules, and disability awareness, to ensure key safety messages are received within days of a new person being hired
- Accurate and readily accessible health and safety information for all employees

As a result, we had no health and safety non-compliances from either Human Resources and Social Development Canada or WorkSafeBC in 2009.

To continually improve our health and safety initiatives, the Airport Authority holds regular meetings of employee, management and employer representatives. Committees meet on a regular basis and this practice continued in 2009. These committees include:

- The Joint Occupational Safety and Health Committee (JOSH) is made up of employee and employer representatives who work together to identify and resolve safety and health issues at the airport.
- The Policy Occupational Safety and Health Committee is a senior-level joint committee and is a mandated requirement of the Canada Labour Code for companies with over 300 employees. The Policy Committee participates in the development of occupational health and safety policies and programs.

LOST-TIME INJURIES

One of the ways we measure our health and safety performance is by tracking any injuries that occurred at work which resulted in an employee missing work. 2009 saw three lost-time injuries at the Airport Authority. Our target for each of these indicators is zero.

**AIRPORT AUTHORITY HEALTH AND SAFETY KEY PERFORMANCE INDICATORS
(2000-2009)**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Lost-time injuries	7	3	6	2	4	2	5	3	2	3
Days lost due to injury	212	131	24	13	10	7	56	5	6	5
Frequency of lost-time injuries*	2.55	0.91	1.82	0.61	1.11	0.56	1.33	0.79	.48	.72
Severity of lost-time injuries**	77.36	39.70	6.97	3.94	2.78	1.94	14.94	1.32	1.44	1.20

*Frequency rate = (number of time-loss injuries x 200,000) / person-hours worked

**Severity rate = (days lost x 200,000) / person-hours worked

Respect and Equality

WORKFORCE DIVERSITY

The Airport Authority wants a workforce that reflects the vibrancy and diversity of the communities we serve. We comply with the Employment Equity Act and take measures to ensure fair employment practices across our organization.

Passed in 1986, the Employment Equity Act covers four groups: women, aboriginal peoples, persons with disabilities and members of visible minorities. The purpose of the act is to certify that hiring practices are based on ability and merit, regardless of status.

The Airport Authority reports its workforce demographics to the federal government, showing how each of the designated groups is represented within various occupational classifications. Demographic data are taken from a survey supplied to each employee to complete voluntarily in confidence. As such, numbers are based upon employees' self-identification as a member of a designated group.

Numbers are reported in June of each year for the previous year; therefore, the most recent statistics available are from 2008.

AIRPORT AUTHORITY DEMOGRAPHICS VS. LABOUR MARKET DEMOGRAPHICS (2007-2008)

Designated Group	Airport Authority		Metro Vancouver/National Labour Market*	Underrepresented Groups	
	2007	2008		2007	2008
Women	34.2%	31.8%	30.6%	-	-
Aboriginal Peoples	1.1%	1.0%	1.8%	-0.2%	-0.8%
Persons with Disabilities	1.1%	1.2%	4.3%	-2.8%	-3.1%
Members of Visible Minorities	23.0%	25.2%	28.5%	-	-3.3%

*Information on women, aboriginal peoples and members of visible minorities in the labour market based on Metro Vancouver data collected through the 2006 census. Information on persons with disabilities in the labour market based on national data collected through the 2006 Participation Limitation Survey (PALS).

EMPLOYMENT EQUITY

Comprised of employees from various departments, the Employment Equity Committee works closely with Human Resources on initiatives to raise awareness of diversity issues and extend opportunities in a fair and inclusive manner. The committee met four times during the year. In 2009, Airport Authority representatives attended various workshops to gain insights and best practices with respect to employment equity, including:

- A *Duty to Accommodate* workshop presented by the Canadian Human Rights Commission and Human Resources and Skills Development Canada (HRSDC).
- A *Mastering Aboriginal Inclusion* workshop hosted by HRSDC.
- An *Access to Work* workshop hosted by Assistive Technology BC where case studies on successful employment of people with disabilities were presented and information on assistive technology in the workplace was shared.
- A *National Occupational Classification* (NOC) workshop, as well as *Workplace Equity Information Management Systems* and *Workforce Analysis* workshops, presented by HRSDC, to gain more knowledge about the reporting process.
- A *Stop Racism in the Workplace* seminar hosted by HRSDC.
- A dialogue event on employing people with disabilities hosted by SPARC BC to dispel myths attached to this important issue.

On an ongoing basis, the Airport Authority addresses the issue of workplace diversity through:

- Distribution of all Airport Authority employment postings to a variety of outreach organizations in our community, such as YWCA Career Edge, the Asia Pacific Co-op, the B.C. Paraplegic Foundation, Immigrant Services Society, the International Association of Machinists Centre for Administering Rehabilitation and Employment Services, MOSAIC, the Musqueam Indian Band, the Neil Squire Foundation, Partners for Workplace Inclusion, the Greater Vancouver Business Leadership Network, the United Chinese Community Enrichment Services Society, United Native Nations, Western Institute of the Deaf, Women in Aviation, Aboriginal Inclusion Network, the Canadian Association of Professionals with Disabilities and WorkAble Solutions.
- Partnerships with the Aboriginal Inclusion Network and the Greater Vancouver Business Leadership Network (GVBLN). The Aboriginal Inclusion Network works to extend the reach of employers into the untapped Aboriginal talent pool. The GVBLN provides job opportunities for people with disabilities.

A RESPECTFUL WORKPLACE

The Airport Authority is committed to providing a respectful workplace where all employees are treated with dignity. The Airport Authority strives to raise awareness and encourage understanding of human rights issues through ongoing training covering topics such as *Respect in the Workplace*, *The Barrier-Free Workplace* and *Understanding Cultural Differences*.

Every new employee receives *Respect in the Workplace* training as part of the Airport Authority's new employee orientation program.

THE ACCESSIBLE AIRPORT

The Airport Authority is a world leader in creating accessible air terminal facilities. We have a facilities design policy that specifies the highest applicable building code requirements with respect to access for people with disabilities, and we utilize an independent access consultant to review all new construction and retail projects.

Throughout the terminals, low-pile carpets, high-contrast pathways, check-in service and writing counters with toe clearance, and specially designed unisex washrooms make it easier for passengers in wheelchairs to navigate.

Visual paging, amplified volume-controlled handsets at all airline check-in and service counters, and public TTY/TTD (Telecommunications Device for the Deaf) machines assist passengers who are deaf or hard of hearing. Closed captioning decoders are included on all entertainment televisions in the facility; and in case of emergencies, the Airport Authority uses visual fire alarm strobes in public areas and washroom facilities.

Passengers with visual impairments can use tactile maps of terminal areas available at our customer service counters. The Airport Authority also makes use of distinct and consistent floor treatments to identify locations within the terminals.

Our Communities

SPONSORSHIPS AND DONATIONS

The Airport Authority continued its focus on giving to three main areas in 2009: family and communities, First Nations culture and heritage and supporting employee-driven giving initiatives. An online application system accessible via www.yvr.ca provides a central portal for requests. Driven by guidelines and criteria, the Airport Authority provides support in the form of donations, sponsorships and gifts-in-kind. A target of approximately one percent of excess revenue over expenses was established for community investment contributions, including in-kind.

In 2009, the Airport Authority provided \$474,000 to 69 charities or community organizations through our community investment program, and contributed an estimated \$30,000 of in-kind donations to 17 organizations.

Major funding contributions included the Vancouver Art Gallery, YVR Golf for Kids tournament and auction, BC Creative Achievements Awards for Aboriginal Art, HSBC Celebration of Light fireworks festival and an employee-driven United Way campaign. The 2009 employee-driven United Way campaign raised more than \$87,000 which was matched by the Airport Authority for a total of \$174,768.

Other initiatives supported in 2009 were the Fraser River Discovery Centre, Nature Conservancy of Canada, Vancouver Adaptive Snow Sports, Richmond Centre for Disability, Hope Air, Tree Canada, Vancouver Opera In Schools, Richmond Community Foundation's Winter Festival, Rogers Santa Claus Parade in aid of the Greater Vancouver Food Bank and the CKNW Orphans' Fund through our annual Christmas tree decorating contest.

As well, the Airport Authority has coin collection kiosks in the before-security areas of the Domestic and International Terminals to encourage passengers to donate loose change to charity. More than \$16,000 was raised over the course of the year for distribution to local charities.

Connecting With Our Communities

PUBLIC OBSERVATION AREA

In July 2009, the Airport Authority proudly opened its new Public Observation Area. Located in the Domestic Terminal, the Public Observation Area provides stunning views of the airfield and is a popular meeting place for travellers, employees and the community at large. The area is open to the public 24 hours a day and is easily accessible for all. The space provides eight powerful telescopes for plane and wildlife watching, as well as an interpretive scale model of YVR, touch-screen kiosks, information panels and more. With seating for 150 people, the Public Observation Area is a destination where the local community and travelling public can view the airport in action and learn more about behind-the-scenes activities at YVR.

OUTREACH

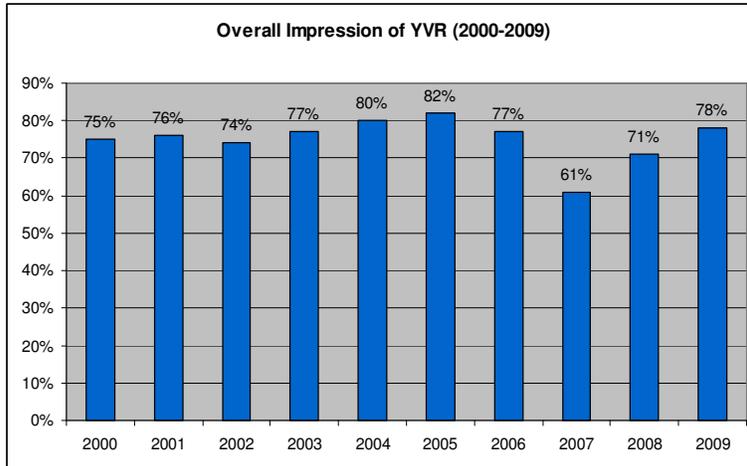
The Airport Authority is committed to engaging our stakeholders and providing open, honest and timely communications.

Being a good neighbour means keeping business partners and surrounding communities informed about airport operations and activities that affect them. We do this in a number of ways, including up-to-date information on our website, www.yvr.ca, as well as publications in electronic format. We produce *YVR Air Mail* and provide content to the Sea Island publication, *Skytalk*, as well as presentations to municipal councils and community groups, a speakers bureau program and timely responses to public and media enquiries.

Making ourselves available to answer questions and receive feedback is another way we connect with our communities. Attending local community festivals during the summer months provides an opportunity to meet members of the local community and answer questions. As well, our Annual Public Meeting and many of our speaking engagements include a question and answer period.

As part of our public consultation activities, each year we undertake a community survey, conducted and compiled by an external consultant. The survey explores attitudes and opinions on overall impressions of the airport and the Airport Authority, the impact YVR has on the community, quality of customer service and current initiatives such as airport expansion. It also seeks recommendations for improving services and communications.

In 2009, overall impressions of YVR were positive, with approximately 78 percent of Metro Vancouver residents giving the airport a rating of 4 out of 5 or higher.



Employees In The Community

The Airport Authority's president, vice presidents and members of our management team lend their time and expertise to more than three dozen boards, task forces and committees. Many of our employees are volunteers and we support their efforts as coaches, canvassers and fundraisers in the community. Through their participation they serve the community and advocate for change to benefit the industry, region and province.

Our own volunteers, the Green Coats, continue to act as goodwill ambassadors, helping visitors navigate the airport by providing directions, information and translation services.

In 2009, Airport Authority representatives served on the following boards, councils, associations or committees:

- Airports Council International
- Asia-Pacific Foundation
- B.C. Aviation Council
- B.C. Chamber of Commerce
- B.C. Guangdong Business Council
- Bell 2010 Business Advisory Committee
- British Columbia Institute of Technology Airport Operations Program Advisory Board
- Business Council of B.C.
- Canada Line Co.
- Canada-China Business Council
- Canada-India Business Council
- Canadian Airports Council
- Canadian Chamber of Commerce
- Canadian International Freight Forwarders Association
- Canadian Registration Board of Occupational Hygienists
- Chief Information Officers Association of B.C.
- Construction Industry Training Organization Board
- Council of Tourism Associations
- Fraser Basin Council

- Greater Vancouver Economic Council
- Greater Vancouver Gateway Council
- Hong Kong-Canada Business Association
- International Air Transport Association
- International Association of Airport Executives of Canada
- Minister's Council for Employment of Persons with Disabilities
- Pacific Asia Travel Association
- Pacific Rim Cruise Association
- Providence Health Care Committee of Advisors Legacy Project
- Provincial Capital Program Board (Ministry of Transportation)
- Richmond 2010 Olympic Oval Project Building Committee
- Richmond Chamber of Commerce
- Richmond Economic Development Advisory Committee
- Richmond Gateway Theatre Society
- Richmond Hospital Foundation
- Richmond Olympic Business Advisory Committee
- The International Air Cargo Association
- Tourism B.C.
- Tourism Industry Association of Canada
- Tourism Richmond
- Tourism Vancouver
- Urban Development Institute
- Vancouver Board of Trade
- Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC) Transportation Advisory Committee
- Volunteer Richmond
- Whistler 2020 Sustainability Task Force
- Whistler 2020 Transportation Task Force