

The Future of YVR

Vancouver Airport Authority presentation to Metro Vancouver

January 17, 2022

Vancouver Airport Authority President and CEO Tamara Vrooman—accompanied by Vancouver’s nominee to the Airport Authority’s Board of Directors, Juggy Sihota-Chahil—will join Mayor and Council to present on the Future of YVR. This report provides Mayor and Council with an overview of Vancouver International Airport’s (YVR) response to the COVID-19 pandemic, and how YVR is positioning itself to deliver on its public interest mandate to serve our community and the economy that supports it.

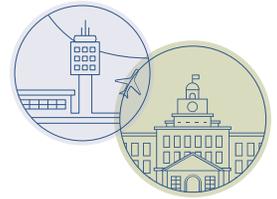
Ms. Vrooman will provide brief speaking remarks and looks forward to engaging with Mayor and Council to discuss topics of interest for the City of Vancouver.

SUPPORTING THE COMMUNITY THROUGH THE COVID-19 PANDEMIC

Throughout the COVID-19 pandemic, YVR—together with Musqueam, airline and airport partners—has cared for our community while remaining open to support essential travel and the movement of goods. The hallmark of our efforts is the YVR TAKEcare health and safety program, which helps people move through the airport safely and with confidence. TAKEcare places industry-leading health, safety and cleaning practices and protocols at the forefront of airport processes.

During the early months of the COVID-19 crisis, the B.C. Public Service, Vancouver Airport Authority, Canada Border Services Agency and federal public health officials came together in a common service to implement the B.C. government’s health screening and self-isolation checkpoints at YVR. In addition to screening returning travellers, YVR collaborated with the B.C. Ministry of Agriculture, Food and Fisheries to develop an empathetic arrival process to safely welcome temporary foreign agriculture workers into B.C. These workers are crucial to our local farming community and are integral in safeguarding our province’s food supply. The program recognized the stressful journey they faced and provided appropriate support upon their arrival at YVR and during their mandatory quarantine period. The program was so successful, the BC government extended the program again to support the 2021 growing season.

YVR continues to host to one of the largest public COVID-19 testing facilities in the province. Operated by Vancouver Coastal Health and located on the site of YVR’s former jetSet parking facility, the site tripled testing capacity in Richmond. Throughout 2021, we were pleased to again partner with the BC government, deploying YVR Caretakers into the community to help deliver a safe well-organized vaccine clinic at the River Rock Casino. Through our vaccine clinic partnership, YVR workers supported 160,000+ vaccinations in the Vancouver Coastal Health region. These numbers are a direct result of a team effort, one that perpetuated a positive impact on the community from start to finish.



PASSENGER AND CARGO MOVEMENTS

Year-over-year passenger traffic at YVR was 7.1 million—down 72% from 2019. As BC reopens to domestic travel, passenger traffic has steadily increased with air carriers adding increased frequencies and destinations. While there is pent up demand for travel, and we are seeing more passengers come through the airport as vaccination rates increase and travellers have more confidence to travel. That said, we expect 2021-22 to be challenging years with depressed passenger numbers. Canadian airports anticipate that passenger numbers will not return to pre-COVID levels until 2025.

In contrast to passenger traffic, cargo has been more resilient through the pandemic, with summer 2021 cargo tonnage at 83 percent of 2019 volumes. The surge in online shopping and e-commerce we experienced during COVID-19 is expected to sustain, elevating demand for the movement of goods and highlighting the vulnerability of existing supply chains. The Airport Authority looks forward to engaging with local partners, including the City of Vancouver, to improve the efficiency of ground transportation between YVR and our region, while our shared supporting decarbonization goals.

POSITIONING YVR FOR THE FUTURE

Given the high degree of uncertainty in B.C.'s post-pandemic recovery, Vancouver Airport Authority's strategic plan will guide the airport in becoming a gateway to the new economy, in service of our community, through six foundational pillars:

Strengthening the Core

We are examining every aspect of our operations, including our asset management program; seeking to be more efficient across all operational areas, including passenger experience, departure punctuality, baggage connections and cargo; and continuing to prioritize environmental sustainability, working to reach net-zero carbon emissions by 2030.

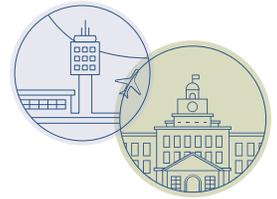
Staying Ahead of COVID

We anticipate COVID-19 and its effects will endure for several years, and that the return of passenger traffic will be bumpy, slow, and unpredictable. We are continually adapting to the evolving pandemic while preparing thoughtfully for a new era of travel. We are investing in digital and data-enhanced technologies and investing to ensure we understand the future travel experience and what our partners need from us. Finally, timely and targeted data investments will ensure we have the right information to stay ahead of, and adapt to, the challenges of navigating through the pandemic to ensure YVR is designed to thrive in the future.

Climate: YVR's Net Zero 2030 Commitment

Aviation is energy-intensive and depends almost exclusively on fossil fuels. While airlines have made great strides in reducing fuel use by purchasing the latest and most fuel-efficient jets, airlines are faced with the reality that practical, low and zero emissions airplanes designed to carry hundreds of passengers long distances remain decades into the future. It's against this challenging backdrop that YVR has an opportunity to play an outsized and immediate role in reducing greenhouse gas emissions, and ensure airports are ready for the sustainable aircraft and operations of the future.

In 2021, we announced our commitment to achieve net-zero carbon emissions by 2030, representing a significant first step in our climate leadership role. We also play a role in advocating for the broader decarbonization of air travel, advancing clean technologies and supporting BC-based clean tech companies. For example, General Fusion announced in October 2021 that it



is [relocating its global headquarters to Sea Island](#) and will more than quadruple its workforce over the next few years. We are also working closely with our airline partners, and provincial and federal governments to advance policies needed to develop a production and supply chain of low carbon aviation fuels in British Columbia. Our vision is for YVR to be the first Canadian low carbon aviation fuel hub in Canada.

In addition to doing as much as we can to reduce emissions, we are also preparing for the impacts of climate change—in particular, extreme weather conditions, such as heat domes and atmospheric rivers that cause flooding and caused significant destruction to public infrastructure and communities across British Columbia.

Gateway to the New Economy

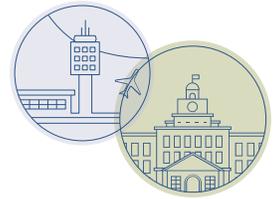
As we navigate out of the pandemic, we are moving beyond our traditional role and focusing on aligning to the future growth and needs of our community and economy: to become our region’s Gateway to the New Economy. In April 2021, we announced the “Innovation Hub @ YVR”—a platform through which YVR will connect and collaborate with local businesses and our community to lead innovation and the economic recovery. Early partners in this initiative include BCIT who will use the airport as a living lab for its Internet of Things program.

YVR has invested in creating a digital twin of the airport terminal, Sea Island and Musqueam lands—the most advanced 3D airport reality model in North American and probably the world. The digital twin will allow us to model and monitor the airport business in ways that enable faster, better business decisions. The platform is also available to third parties and partners, including local governments, service providers and infrastructure operators, to test how new systems or processes will work in a “live” environment.

We are also advocating to modernize Canada’s Foreign Trade Zone Points into an optimized Free Trade Zone regime that would allow British Columbia and local communities attract new value-added investments, create jobs for local workers and support new business opportunities, while generating up to \$410 million in direct GDP to British Columbia’s economy.

Purpose through People

YVR is a people business, and we continue to ensure that we have a supported workforce where team members can build their careers. Working together, we will ensure our customers and community continue to inform the decisions we make and that we are building a resilient, authentic, adaptable and empathetic culture to embrace the short- and long-term opportunities in our industry.



Financial Sustainability

We started 2021 with the single biggest operating deficit and debt burden in the history of YVR. So, while we work to achieve other strategic goals this year, we must do so in a way that improves our financial resilience. The Airport Authority took several steps to ensure YVR's financial sustainability during the height of the pandemic, including consolidating terminal operations to cut costs in line with passenger volumes. We are appreciative of the federal government support it received in the form of waived and deferred rent payments.

We will continue to see operating losses in 2021-22, requiring us to fund airport operations with debt. Pre-COVID, 90% of our revenues were passenger-related. To future proof our financial stability in service to the community, we are exploring ways to diversify our revenue streams and better utilize our significant industrial land base. Through better underutilization of the land on Sea Island, YVR can help meet the need for large trade and transportation related sites in support of BC's economic recovery plans.

CONCLUSION

British Columbia's economic recovery depends on a strong, sustainable YVR, and we are committed to fulfilling our purpose of serving the community and the economy that supports it. The Airport Authority continues to strengthen our operations, diversify, digitize, green and improve YVR. Further, we recognize the opportunity and obligation to work in partnership with the Musqueam Indian Band upon whose traditional lands YVR operates. We will continue to incorporate their traditional knowledge into our thinking and business practices as we move forward together.