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## MEMORANDUM

**Date:** March 4, 2019

**Subject:** YVR 2019 Annual Update

**To:** His Worship the Mayor of Burnaby and  
Members of City Council

**From:** Anne Murray, Vice President Airline Business  
Development and Public Affairs, Vancouver  
Airport Authority

### Report Summary

On March 9, 2020, Vancouver Airport Authority Vice President Airline Business Development and Public Affairs Anne Murray will present YVR's annual update to Burnaby City Council. This report provides an update on Vancouver International Airport's (YVR) activities, challenges and successes. While YVR continued to experience record passenger growth in 2019, global challenges—including the ongoing grounding of the Boeing 737 Max 8 aircraft, global trade tensions, and the COVID-19 outbreak—are expected to have an impact on YVR's operations in 2020. However, the aviation industry is resilient and has always rebounded with long-term growth. YVR is well-positioned to address these temporary declines.

### YVR's 2019 Highlights

**Passenger and Cargo Highlights:** YVR is the second-busiest airport in Canada and received the Skytrax award for *Best Airport in North America* for an unprecedented 10 years in a row. In 2019, YVR welcomed a record 26.4 million passengers. Fifty-six airlines operate at the airport, connecting people and businesses to more than 127 non-stop destinations around the world.

Over 301,000 metric tonnes of cargo passed through YVR last year. However, this number was down about 10% from 2018. YVR's cargo business continues to be driven by high demand B.C. perishables including local seafood exports—which remains the largest outbound air cargo commodity at YVR—as well as apparel, machinery, precious metals, gems and more.

**British Columbia's Economic Engine:** In September 2019, YVR released its latest economic impact figures. Through YVR's operations, as well as tourism and cargo, YVR helps facilitate \$20.2 billion in total economic output and \$10.4 billion in total GDP across B.C., as well as \$1.4 billion in total government revenue. More than 26,500 people are employed at the airport, with another 2,000 currently involved in airport construction projects. Additionally, there are more than 126,000 people employed across B.C. as a result of airport activities in sectors such as tourism, hospitality, engineering, retail and operations.

**Boeing 737 Max 8 Grounding:** On March 14, 2019, Canada's Transport Minister announced the closure of Canadian airspace to all Boeing 737 MAX 8 aircraft. The grounding of the Max 8 aircraft in Canada has impacted several airlines that operate at YVR, including Air Canada, WestJet and Sunwing. The Airport Authority continues to work closely with its airline partners as they manage their schedules and fleets until the aircraft is returned safely into service.

**Regional Planning:** YVR continued to be a strong regional partner, participating in regional growth and transportation planning to ensure integration of our plans with the planned updates to *Metro 2040* and TransLink's *Transport 2050* process. Ground transportation to and from YVR remains a growing challenge.



To address this, the Airport Authority has identified several transportation related priorities and is advocating for improved east-west public transit connections, including rapid bus service between YVR and Metro Vancouver communities for passengers and employees. The Airport Authority is also looking at opportunities for improving its road network on Sea Island, as well as the Airport Authority's two bridges—Dinsmore and Arthur Laing.

### Climate Action Priorities

2019 marked the final year of YVR's 2015 – 2019 Environmental Management Plan. Some of the significant achievements realized under the previous plan include:

- **YVR related emissions per passenger reduced 40%** from 2012 baseline levels. In June 2018, YVR started construction on its largest sustainability project to date—a new geexchange energy system that will provide carbon friendly heating and cooling to YVR's terminal buildings. When fully operational in 2022, the 16 MW system will produce enough energy to heat more than 1,000 Lower Mainland homes.
- Between 2012 and 2018, **YVR reduced potable water use per passenger** to 43 liters/passenger from 69 liters/passenger through a broad range of water conservation efforts and investments.
- **YVR surpassed its 2020 waste reduction goal in 2016**, achieving a 51% terminal waste diversion rate compared to the 2012 baseline. YVR has met that target every year since.
- YVR became the **first airport in the world to become Salmon Safe® certified** in 2016, demonstrating the Airport Authority's commitment to protecting salmon and salmon habitat in and around Sea Island. YVR and Musqueam Indian Band continue to work together to remove invasive plant species and as a result, YVR has observed improved fish nesting and the return of beavers on the foreshore of Sea Island.
- To support YVR's airline partners, all YVR aircraft gates are outfitted with ground power infrastructure so **aircraft can plug into BC's clean electricity** and shut down fossil fuel auxiliary power. In recognition of the Airport Authority's efforts, YVR is one of only 16 airports in North America to have reached Level 3 carbon accreditation by the Airports Council International.

Building on this strong foundation, YVR's [2020 - 2024 Environment Management Plan](#) includes the airport's new five-year climate action plan. It outlines four significant areas that support the work happening in communities across Metro Vancouver:

- **Carbon Reduction:** Become carbon neutral in 2020 and achieve Net Zero Carbon by 2050
- **Water Conservation:** Improve water use efficiency by 50% per passenger
- **Waste Reduction:** Divert 60% of YVR waste from landfill
- **Ecosystem Health:** Enhance and protect the ecosystem on Sea Island

Vancouver Airport Authority is committed to achieving these ambitious targets through innovative thinking and teamwork, including engaging employees, passengers and the 400 businesses operating on Sea Island.

### Musqueam-YVR Friendship and Sustainability Agreement

YVR and Musqueam completed the second year of the implementation of the historic, 30-year [Musqueam – YVR Sustainability & Friendship Agreement](#). Today, more than 90 Musqueam members are employed at YVR, with 11 members employed directly at the Airport Authority. In 2019, YVR and Musqueam kicked off a significant cultural project by coming together to build the first traditional Musqueam sea-going canoe crafted in 100 years. The canoe will take its first water journey in 2020 and be part of YVR's permanent art collection.



## 2020 Economic Headwinds

The global aviation industry is experiencing some temporary economic headwinds due to the grounding of the 737 MAX aircraft and the Novel Coronavirus outbreak. As a result, YVR is forecasting a 3% to 5% decline in passenger numbers this year, and a decrease in revenue.

The Airport Authority has an excellent management team, which has faced similar challenges and takes a long-term approach to YVR's success—planning decades out and investing in projects that will improve the airport for everyone. YVR is expanding incrementally to ensure we can weather diverse economic circumstances. And we operate from a strong and resilient financial position, as one of the only AA credit-rated airports in the world.

Thus, while we continue to face these global issues, we are confident in the continued success of YVR. In fact, we have a lot to look forward to. For instance, in June we will open the expanded international terminal and welcome our new airline partner, Turkish Airlines. And in the months and years ahead we will continue to deliver on our mission to connect BC proudly to the world.

## Conclusion

While YVR is forecasting a decrease in passenger numbers and revenue in 2020, YVR is in good shape overall and is well-positioned to address the current economic climate. We are confident in our ability to continue operating a sustainable, world-class hub airport—thanks to our unique, community-based operating model, which has given us a long-term perspective, a responsible approach to growth and a strong financial foundation.

