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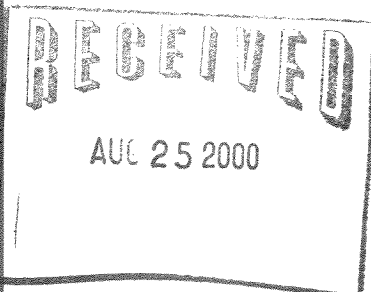
# **Charting a Course in Turbulent Weather:**

## **Developing a Business Plan for Peace River Airport**

for the **Town of Peace River**

by **Beynon & Associates Inc.**

August 23, 2000



**Beynon & Associates Inc.**

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August 23, 2000

Sam Bannerjee  
Manager, Field Services  
Town of Peace River  
9911 - 100 Avenue  
Peace River, AB T8S 1S4

Dear Mr. Bannerjee:

**Re: Peace River Airport Business Plan Proposal**

Thank you for the opportunity to present this proposal.

The proposal is divided into two parts, the base project and options. The base project is what needs to be completed in response to your letter of July 21, 2000. The options would add value to the project but may not be required.

As my attached materials show, Beynon & Associates has a great deal of experience with airport business plans, and I have developed this proposal using that experience. However I am always willing to tailor a proposal to a client's needs. If you want to modify this proposal, please contact me and I will respond.

Thanks again for the opportunity, and all the best.

Yours truly,



Rob Beynon.

**Peace River Airport: Business Plan Proposal**

*Table of Contents*

- I. Overview ..... 1
- II. Methodology and Work Plan ..... 2
  - A. Peace River Meetings ..... 2
  - B. SWOT Analysis ..... 2
  - C. Scenario Identification and Projections ..... 2
  - D. Develop Operating Base Case ..... 3
  - E. Revenue and Expenses Recommendations ..... 3
  - F. Review Draft Report ..... 3
  - G. Revise Report ..... 4
- OPTIONS ..... 4
  - H. Present Final Report ..... 4
  - I. Capital Assets Inspection ..... 4
  - J. Capital Assets Reserve Fund Analysis ..... 4
  - K. Develop Negotiating Strategy ..... 5
  - L. Power Point Presentation of Results ..... 5
  - M. ERS Impacts Analysis ..... 5
- III. Project Team ..... 6
- IV. Budget and Time Lines ..... 7
- Appendix A: Resumes and Company Information* ..... 9

## Peace River Airport: Business Plan Proposal

### *I. Overview*

The Canadian aviation industry is facing a period of significant and ongoing change. This will have far reaching impacts on regional airports such as Peace River. This proposal develops a methodology for developing a practical business plan in changing and difficult times.

The sections following this one progress in the following manner:

- **Section II** explains the methodology and work plan of the project.
- The Project Team is reviewed in **Section III**.
- Budgeting and Time Lines are outlined in **Section IV**.
- Resumes and project lists are provided in **Appendix A**.

## *II. Methodology and Work Plan*

This section outlines the proposed methodology for the project. The project is comprised of a series of separate but related pieces of analysis which are then combined into a complete business plan. It is assumed that Rob Beynon would be in ongoing contact with the Steering Committee via telephone, fax and e-mail throughout the project. The first seven steps, A through G, are considered the Base Proposal. The remaining steps, H through M, are options which would add value to the project but may not be required by the Town of Peace River.

### **A. Peace River Meetings**

*Purpose:* To meet with the project steering committee and key community stakeholders.

*Method:* Rob Beynon will fly to Peace River and meet with the steering committee and stakeholders they recommend. This will be a one and a half or two day trip depending on connections.

### **B. SWOT Analysis**

*Purpose:* To determine Peace River Airport's Strengths, Weaknesses, Opportunities and Threats and to determine key trends with an impact on the site.

*Method:* The method for this will include the following:

- During the meeting with the steering committee a SWOT (strengths, weaknesses, opportunities, and threats) analysis will be discussed
- Key issues such as comparative strengths versus other sites will be analyzed subsequently
- Analysis of recent trends in aviation will be discussed
- A table showing Peace River's relative position will be prepared and supported by discussion

### **C. Scenario Identification and Projections**

*Purpose:* To determine the range of operating scenarios that the site could face in the next decade and to prepare passenger and traffic projections to reflect those scenarios

## Peace River Airport: Business Plan Proposal

*Method:* Based on current trends and historic traffic, a range of scenarios will be prepared. Using historic passenger and aircraft movement statistics, projections for the site will be generated in Excel and discussed based on the scenarios.

### **D. Develop Operating Base Case**

*Purpose:* To develop a base case operating budget projection model using current trends, expenses, and revenues.

*Method:* Steps to be integrated in developing this financial model include the following:

- The scenario projections will be used to drive the model
- Historic expenses and revenues will be shown and used as the starting point
- Five-year financial projections for each scenario will be produced
- The projected financial performance of the airport will be analyzed

Analysis will be completed in an Excel spreadsheet.

### **E. Revenue and Expenses Recommendations**

*Purpose:* To recommend changes to the expenses and revenues of the site which may improve its long-term performance.

*Method:*

- Examine fees and reasonable increases
- Consider options when current agreement with Canadian Regional Airlines ends
- Review airport operations compared with similar sites
- Consider alternative revenue generating options and steps required to achieve them
- Show the potential impact of these changes on the operating budget within the financial model developed in the step above

### **F. Review Draft Report**

*Purpose:* To discuss the draft business plan with the steering committee.

## Peace River Airport: Business Plan Proposal

*Method:* After preparing all the completed steps into a complete draft report and sending it to the Steering Committee, Rob Beynon will fly to Peace River to meet with the committee and to discuss changes to the report.

### **G. Revise Report**

*Purpose:* To complete the report and send final copies to the Town of Peace River.

*Method:* Based on the last meeting with the Steering Committee, the final report will be prepared and presented to the Town of Peace River. Five hard copies will be sent.

## OPTIONS

### **H. Present Final Report**

*Purpose:* To present the Final Report to stakeholders or Town Council.

*Method:* Rob Beynon would fly to Peace River after the report had been finalized and present its contents to groups chosen by the Steering Committee.

### **I. Capital Assets Inspection**

*Purpose:* To determine the state of the airport's capital assets, to understand when they will need replacement, and to estimate the anticipated replacement or modification cost.

*Method:* A qualified engineer would fly to Peace River and complete a visual inspection of all surface and building structures. A table would be prepared showing the condition of each structure, when it would need to be replaced or modified, and the anticipated cost.

### **J. Capital Assets Reserve Fund Analysis**

*Purpose:* To determine the Capital Assets Reserve Fund requirements for the airport.

*Method:* *Note: A capital assets inspection (I) would have to be completed before this step could be undertaken.* Based on the capital assets requirements identified in step I, an analysis on the capital assets reserve fund requirements would be completed. This analysis would identify how quickly

## **Peace River Airport: Business Plan Proposal**

the funds are required, if the current reserves are adequate, and how much funding per year the fund requires for the next 10 years. The analysis will be developed in an Excel spreadsheet and integrated into the financial model.

### **K. Develop Negotiating Strategy**

*Purpose:* To develop a negotiating strategy with Canadian Regional for the period after the Town's contract with it has ended.

*Method:* The revised business plan would be a logical basis for negotiations with Canadian Regional after the existing contract ends. This negotiating strategy would provide recommendations on approaching Canadian Regional and the preparation of a new fees proposal for continued dealings with Canadian Regional.

### **L. Power Point Presentation of Results**

*Purpose:* To prepare a Power Point presentation for Town and airport staff to use when explaining the airport's business plan.

*Method:* Rob Beynon would prepare a Power Point presentation for Town staff to use. After consulting with the Steering Committee, this presentation would be completed and forwarded as an electronic file.

### **M. ERS Impacts Analysis**

*Purpose:* To analyze the financial impacts of potential revised Emergency Response Services (ERS) requirements on Peace River Airport.

*Method:* After reviewing the most recent Transport Canada drafts of the regulation, prepare a case for what the Town of Peace River would be expected to provide at the airport. Then analyze the operating and capital implications and integrate them into the financial model.



### *III. Project Team*

The proposed Project Team includes Rob Beynon with the support of a researcher. If the capital assets inspection is undertaken, it will be sub-contracted to a competent firm.

**Rob Beynon, Beynon & Associates Inc., Project Manager.** Mr. Beynon has more than ten years experience in port and airport operations analysis and research, and is the principal with Beynon and Associates Inc. Rob specializes in airport projects and he has been project manager for a wide variety of business planning, marketing and planning projects for airports in Canada, the U.S., and Australia. This has included working on a wide variety of passenger traffic surveying techniques including exist surveys, ticket pulls, travel agent surveys, and other forms of analysis.

Rob has worked on nine airport business plans in recent years, many of them with the Calgary Airport Authority subsidiary Airport Performance Group Ltd. This has included business plans for Grande Prairie, Prince Rupert, Williams Lake, Terrace, Cranbrook, Kamloops, Power River, and others. During the Williams Lake Airport Business Plan process, Rob assisted in the successful negotiation of fee increases with AirBC. He has completed planning studies for YVR Airport Services, Frontec and APG. Recent work includes ticket pulls and cargo studies at Prince George, Saskatoon, Regina, Thunder Bay, Kamloops and Penticton. Rob also just finished working with APG on the Grande Prairie Master Plan and a Business Plan for Prince Rupert Airport.

#### IV. Budget and Time Lines

It is expected that the project will take approximately three months to complete. The completion date of the project will depend upon the start date.

The Beynon & Associates Team is proposing a maximum consulting budget for the base project of \$12,232 plus expenses and GST. Invoices will be sent on a monthly basis and expenses will be billed at cost. Terms of payment are net 30 days. The anticipated cost for each activity is shown below. Of the proposed options, none or all could be completed for the costs shown below.

Activity	Days		Price
	RB	Res	
A - Peace River Meetings	2		\$1,520
B - SWOT Analysis	1	2	\$1,432
C - Scenarios and Projections	2	1	\$1,856
D - Financial Base Case	4		\$3,040
E - Revenue and Expense Recommendations	2	2	\$2,192
F - Review Draft Report	1		\$760
G - Revise Report	1	2	\$1,432
<b>BASE Consulting TOTAL</b>	<b>13</b>	<b>7</b>	<b>\$12,232</b>
<i>Options</i>			
H - Present Final Report	1		\$760
I - Capital Assets Inspection*			\$5,000
J - Capital Assets Reserve Fund Analysis	2		\$1,520
K - Develop Negotiating Strategy	2		\$1,520
L - Power Point Presentation of Results	1		\$760
M - ERS Impacts Analysis	1	1	\$1,096
<b>OPTIONS Consulting TOTAL</b>	<b>7</b>	<b>1</b>	<b>\$10,656</b>
<b>OVERALL Consulting TOTAL</b>	<b>20</b>	<b>8</b>	<b>\$22,888</b>

## Peace River Airport: Business Plan Proposal

\* This is the maximum anticipated consulting fee for an engineering company to complete the inspection. If this option is chosen, an appropriate firm would have to be sub-contracted to complete the work.

### NOTES

#### **Base Case**

For the base project, two trips at an approximate cost of \$1,400 per trip are planned.

Expenses will be billed at cost.

GST will be charged for consulting fees and expenses.

#### **Options**

For option H a trip at an approximate cost of \$1,400 is planned.

For option I a trip at an approximate cost of \$1,200 is planned.

#### **Hourly Rates**

RB = Rob Beynon                      \$95

Res = Researcher                      \$42

**Peace River Airport: Business Plan Proposal**

***Appendix A: Resumes and Company Information***

**PROFESSIONAL RESUME:      ROB BEYNON**

**Experience:**      **Principal, Beynon & Associates, 1996 - 2000**

**Highlights:**

- Preparation of Business Plan and Negotiating Strategy for the Terrace/Kitimat Airport for the City of Terrace
- Worked with APG, a Calgary Airport Authority subsidiary, on a business plan for Williams Lake Airport and a marketing plan for Abbotsford Airport
- Air Terminal Building Development Plan including Business Plan for Powell River Airport
- Cargo studies for Saskatoon, Regina, and Thunder Bay Airports
- Marketing Studies and/or ticket pulls for Saskatoon, Prince George, Penticton, Kamloops, and Terrace
- Columnist for YVR SkyTalk

**Director of Projects, ICC International Commercial Centre Corp., 1994-1996**

- Worked on start up of Canada's first foreign trade zone
- Received approval from Canada Customs for a flexible approach to the handling of in-bond goods
- Signed all initial customers for the ICC

**Director of Projects, Horizon Pacific Ventures Ltd. 1992-1996**

- Completed marketing studies in Canada, the U.S. and Australia
- Gave presentations to the Canadian-AMR Hearings of the Canadian Competition Tribunal and the Vancouver Environmental Assessment Review Panel
- Worked on route proposals and transborder analysis for the Edmonton and Winnipeg
- Completed cargo studies for Vancouver, Winnipeg, Ottawa and Halifax airports

**Education:**      -      M.A. in Business History, UBC, 1990

**Memberships:**      -      Director, Richmond Chamber of Commerce (RCC)  
-      Co-Chair, RCC, Transportation Task Force  
-      B.C. Aviation Council

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[FAQ](#)  
[Philosophy](#)  
[Projects](#)  
[Project Types](#)  
[Clients](#)  
[Contact Info](#)  
[News and](#)  
[Comments](#)  
[Links](#)



### Highlights of early 2000:

Assisted the Northern Alberta Development Council (NADC), a branch of the Alberta government, to analyze the issues facing regional and small airports in Northern Alberta. Key findings included:

- Aviation and airports in Northern Alberta are under stress
- Business and regulatory change are having sweeping impacts on regional aviation
- There is a probability that some small airports will be closed in coming years for financial reasons



### What Beynon & Associates is up to:

**Saskatoon Air Services Development.** Beynon & Associates is completing an air services development project for the Saskatoon Airport Authority. The focus of this project is developing strategies for enhancing existing air services at Saskatoon and developing new ones.

**Abbotsford Airport Customs Study.** Beynon and Associates is preparing a Canada Customs requirements plan for Abbotsford Airport so that when they need to implement Canada Customs service for passengers and service, they can do it smoothly and quickly.

\* \* \*

Contact Rob Beynon, the Principal of Beynon & Associates Inc.,  
**(604) 253-0390**

or

[robbeynon@beynonandassociates.com](mailto:robbeynon@beynonandassociates.com)

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[FAQ](#)  
[Philosophy](#)  
[Projects](#)  
[Project Types](#)  
[Clients](#)  
[Contact Info](#)  
[News and Comments](#)  
[Links](#)



## Projects

### Examples of Beynon & Associates Projects

Beynon & Associates was either the main contractor or a significant sub-contractor for each of the following projects.

#### Airports and Aviation Discussion Paper

*Prepared for:* Northern Alberta Development Council, 2000

*Description:* The project reviewed issues and opportunities relating to aviation and airports in Northern Alberta. The project included surveys of air carriers, communities, and airports, and discussion groups in Ft. McMurray, Cold Lake, and Peace River.

#### Customs Support Document

*Prepared for:* City of Abbotsford Airport, 2000

*Description:* The City of Abbotsford Airport asked Beynon & Associates to prepare a report explaining the need for Canada Customs at Abbotsford Airport. The document was prepared so that Abbotsford could act quickly when expected transborder opportunities developed.

#### Pitt Meadows Airport Strategic Plan

*Prepared for:* Pitt Meadows Airport Society, 1999.

*Description:* Develop a strategy for Pitt Meadows Airport to grow and prosper, while providing reasonable investment opportunities for its owners



### **Prince Rupert Airport Business Plan**

*Prepared for:* APG for the City of Prince Rupert, 1999.

*Description:* Development of a Marketing Plan for Prince Rupert Airport including promotions, air services and land development. This was followed by preliminary planning analysis to determine need for a modified Air Terminal Building.

### **Grande Prairie Airport Master Plan and Business Plan**

*Prepared for:* Airport Performance Group, 1999.

*Description:* Prepare the Business Plan and supporting financial analysis for the project.

### **Prince Rupert Airport Marketing Plan and Preliminary Planning**

*Prepared for:* The Prince Rupert Airport Society, 1998.

*Description:* Development of a Marketing Plan for Prince Rupert Airport including promotions, air services and land development. This was followed by preliminary planning analysis to determine need for a modified Air Terminal Building.

### **Richmond Chamber of Commerce P3 Proposal**

*Prepared for:* The Richmond Chamber of Commerce, 1998.

*Description:* A proposal to the City of Richmond to set up a public-private partnership to deliver business resource services in Richmond.

### **Northern Airport Coalition Route Proposal**

*Prepared for:* Northern Airport Coalition (Prince George, Smithers, Terrace, Prince Rupert and Sandspit), 1998

*Description:* Presentation for air carriers on route opportunities created by Central Mountain Air ending some services. A detailed appendice was attached to this with airport by airport information.

### **LAA Economic Impact Analysis**

*Prepared for:* Applications Management of Edmonton for



Transport Canada, Ottawa, 1998.

*Description:* An analysis of the economic impact that the LAAs in Vancouver, Calgary, Edmonton, and Montreal had had compared with the projected impact of Transport Canada if the airports had not been devolved.

### **Williams Lake Airport Business Plan**

*Prepared for:* Airport Performance Group Ltd. for the City of Williams Lake, 1998

*Description:* Development of a business plan focused on creating new revenue opportunities

### **Abbotsford Airport Air Services Development**

*Prepared for:* Airport Performance Group Ltd. for the City of Abbotsford, 1998

*Description:* Completion of a ticket pull and route proposals to air carriers and charter companies for Abbotsford Airport

### **Market Potential Analysis**

*Prepared for:* Prince George Airport, 1998

*Description:* Support with an analysis of potential market size, a passenger exit survey, and an economic impact statement. This included an analysis of bus passengers through Prince George.

### **Ticket Pull/Air Services Analysis**

*Prepared for:* Diefenbaker (Saskatoon) Airport, 1998

*Description:* Organization of a ticket pull at Saskatoon area travel agents and analysis of it. Preparation of route development strategy based on this analysis.

### **In-Depth Cargo Analysis and Survey**

*Prepared for:* Diefenbaker (Saskatoon) Airport, 1998

*Description:* Analysis of air cargo in the Saskatoon region, including cargo users survey, interviews, and recommendations regarding increasing cargo traffic.

### **Cargo Facility Demand Questionnaire**

*Prepared for:* Thunder Bay International Airport Authority,  
1998

*Description:* Assisting with the design of a questionnaire to determine the demand for a new cargo or multi-use facility at Thunder Bay Airport.

### **Ticket Pull/Air Services Analysis**

*Prepared for:* Penticton Airport, 1998

*Description:* Organization of a ticket pull at Penticton area travel agents and analysis of it. The pull showed extremely interesting trends including a high proportion of traffic diverted to other airports.

### **Transportation Authority Proposal Review**

*Prepared for:* RPA Projects Limited for the Vancouver Gateway Council, 1997

*Description:* Review of a proposal for the creation of the Greater Vancouver Transportation Authority prepared by the Province of B.C. and the Greater Vancouver Regional District.

### **Review/Analysis of Cargo Opportunities**

*Prepared for:* Regina Airport, 1997

*Description:* Analysis of air cargo in the Regina region and recommendations regarding increasing it.

### **Review/Analysis of Cargo Opportunities**

*Prepared for:* Thunder Bay Airport, 1997

*Description:* Analysis of air cargo in the Thunder Bay region and recommendations regarding increasing it.

### **Market Support**

*Prepared for:* IAT, 1997

*Description:* Supporting IAT with its Air Crew Residence project in Richmond with marketing and Asia-Pacific expertise.

### **Ticket Pull**

*Prepared for:* Kamloops Airport, 1997

*Description:* Organization of a ticket pull at Kamloops area travel agents and analysis of it. The pull showed extremely interesting trends including a high proportion of traffic diverted to other airports.

### **Demand Analysis for New ATB**

*Prepared for:* The Corporation of the District of Powell River, 1997

*Description:* Forecasting of air traffic at Powell River Airport and analysis of resulting demand for new Air Terminal Building and related revenue opportunities.

### **Market Support**

*Prepared for:* Frontec Corporation, 1997

*Description:* Providing Marketing Analysis and Know-How to Support Frontec in the management of airports and with proposals.

### **Ticket Pull, Passenger Survey, and SWOT Analysis**

*Prepared for:* Prince George Airport, 1996

*Description:* Analysis of Passenger traffic and trends at Prince George Opportunity and identification of opportunities for new air services.

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[Projects](#)  
[Project Types](#)  
[Clients](#)  
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[News and](#)  
[Comments](#)  
[Links](#)



## Clients

- Abbotsford Airport Commission
- Airport Performance Group Ltd. (APG), a Calgary Airport Authority subsidiary
- Applications Management Consulting Ltd.
  - Calgary Airport Authority
    - City of Castlegar
    - City of Terrace
    - City of Williams Lake
  - Edmonton Airport Association
  - Grande Prairie Airport Commission
  - IAT (International Aviation Terminals)
- ICC International Commercial Centre Inc.
  - J. Seymour & Associates Inc.
  - Nanaimo Airport Commission
  - Northern Airport Coalition

- Penticton Airport
- Pitt Meadows Airport Society
  - Port of Prince Rupert
  - Powell River Airport
  - Prince George Airport
- Prince Rupert Airport Society
- Province of Alberta, Northern Alberta Development Council (NADC)
  - RPA Projects Limited
- Richmond Chamber of Commerce
  - Regina Airport
- Saskatoon Airport Authority
- Thunder Bay International Airport Authority

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