Evaluation of the Airports Capital Assistance Program (ACAP)

Final Report

Departmental Evaluation Services
Transport Canada

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EXECUTIVE SUMMARY

Background

- Airports Capital Assistance Program (ACAP) is a contribution program with the objective of assisting eligible airports in financing capital projects related to safety, asset protection and operating cost reduction. Funding is currently $175 million over 5 years not including Airport Emergency Intervention Services (AEIS) projects for which up to an additional $15 million is available.

- Eligible airports are those that are not owned or operated by the federal government and which have year-round regularly scheduled passenger service of at least 1,000 passengers per year in the most recent three calendar year period. Airports must also demonstrate financial need.

- The program funds four priorities of projects for which airports cost-share according to the table below.

Priority	Description	Airport's Share Of Cost
Priority 1	Airside safety projects	0-15% depending on traffic volume at the airport
Priority 2	Airside safety-related mobile equipment	
Priority 3	Air terminal projects/groundside safety-related	
Priority 4	Asset protection and operating cost reduction	50%

- This evaluation is required by Treasury Board (TB) to support program renewal before April 1, 2005. It was conducted a year earlier than originally planned because program management believed that the funding might run out before program renewal.

Main Findings

Relevance and Need

- ACAP objectives are in line with current government and Transport Canada (TC) objectives regarding airports.

- Most airports receiving ACAP funding are unable to pay for capital improvement projects. Nevertheless some airports do have operating surpluses or capital reserves and some are owned by provinces/territories or municipalities which may have a greater ability to pay.

Success

- By contributing mainly to priority 1 and 2 projects, ACAP contributes financially to projects related to safety and has helped improve and maintain airport safety.

- ACAP contributes to asset protection and operating cost reduction even though no priority 4 projects were implemented between April 2000 and March 2003.

- Although this is not an objective of the program, ACAP supports sustainable development by providing financial assistance for environmental mitigation measures costs within approved projects.

- ACAP funded airports provide a link to National Airports System (NAS) airports. It can therefore be concluded that ACAP contributes to maintaining feeder airports.

Program Design

- The airport eligibility criteria are appropriate although the issue of the eligibility of non-National Airports Policy (NAP) remote/isolated airports warrants further study following a departmental policy review of remote air transportation.

- Generally the project eligibility criteria are appropriate, however, due to limited funding, priority 3 and 4 projects are rarely funded.

- There is some support for increasing cost sharing for airports with passenger levels exceeding 200,000, and for priority 3 and 4 projects. There is less support for requiring all airports to cost share.

- Airports are very satisfied with information and assistance from TC, while stakeholders such as provinces/territories, aviation boards, and airline industry associations are moderately satisfied.

- There is overall dissatisfaction with the decision-making process. Stakeholders and airport operators express concerns about the transparency, timeliness and potential regional and political biases. The evaluation team found little evidence of the existence of these biases, however they did find that there are inconsistencies in processes.

- Airport operators, stakeholders, and TC program staff all expressed a strong dissatisfaction with the timeliness of ACAP decision announcements.

Future Demand

- Future demand for ACAP for the period 2004-05 to 2008-09 is approximately $237 million, excluding AEIS, based on the current program design. Given the current funding of $175 million for the same period, it is expected that there will not be sufficient funding to meet the forecast demand unless there are changes to the program design.

Key Recommendations

- The current funding approach to ACAP should be maintained because of its strong safety emphasis.

- Programs and Divestiture (P&D) should improve its program communication as follows:

- Develop clear guidelines for prioritizing projects for funding and communicate these criteria, as well as the definition of "urgent safety-related project" to airports and stakeholders.

- Formalize a two-phased application process.

- Continue to release a complete list of all airports that receive ACAP funding as soon as decisions are made, as was done in 2004-05.

- Provide formal feedback to airports about why their applications were not funded for the current year.

- Increase consultations with stakeholders and airport operators, as those stakeholders who mentioned that they are consulted during the decision-making process appear to be more satisfied with the program.

- Ensure that ACAP applicants are aware that the cost of training required to render an asset into service is eligible for ACAP as it is considered part of the capital cost. ACAP recipients should also be required to provide a written commitment that they will provide any ongoing training necessary to operate and maintain the asset.

- To address the estimated difference between future demand and available program funding, the following recommendations are made:

  - Priorities 3 and 4 should be eliminated from the project eligibility criteria since the program's history shows that ACAP is not funding these priorities and since the objective of cost reduction is met by funding safety-related capital projects.

  - All airports should be required to contribute a portion to all projects regardless of traffic level.

  - P&D should consider adding two criteria to be used when prioritizing projects for funding: the ownership of an airport; and the existence of operating surpluses or capital reserves.

  - Other measures to decrease program costs should be considered, including increasing the percentage all airports are required to cost share by 5%, REMOVED ATIP

  - The cost sharing formula should be amended to increase the percentage contribution of airports that have more than 200,000 enplaned/deplaned passengers.

- P&D should ensure that regional project files include all pertinent information submitted for entry into its program database. In addition, it should update the Results-based Management and Accountability Framework (RMAF) so that all changes to operating costs are captured in the database and reported on.

- On completion of the policy review on non-NAP remote/isolated airports, P&D should determine if changes are required with respect to the eligibility of remote/isolated airports for ACAP.

1.0 BACKGROUND

1.1 Introduction

This report provides a summary of the results of an evaluation of Transport Canada's (TC) Airports Capital Assistance Program (ACAP). Departmental Evaluation Services (Evaluation) undertook the evaluation at the request of Programs and Divestiture Group (P&D) in order to meet the requirements of Treasury Board Secretariat's Policy on Transfer Payments, in effect since June 2000. The Policy requires that a program evaluation be performed before renewal of any transfer program.

An evaluation was completed in 1999-2000 before the previous renewal of ACAP and its extension from April 1, 2000 to March 31, 2005. This evaluation was conducted in 2003-04, a year ahead of the timing one would expect for renewal in 2005, at the request of program management who were concerned that ACAP funding might run out before March 31, 2005.

1.2 Program Profile

ACAP was developed and implemented as part of TC's National Airports Policy (NAP), which was announced in 1994, and was part of the government's strategy for rationalizing its programs and policies. The NAP provided a framework for the federal government's role in airports.

More specifically, the NAP stated that ownership of regional/local and other smaller airports would be transferred to regional interests, and the airports would have to become financially self-sufficient within five years. Thus the Policy ushered in the principle of airport commercialization, in order to shift the cost of running Canada's airports from taxpayers to those who use the facilities. Since 1994, 125 airports have been transferred to other levels of government or regional organizations. Today TC no longer bears any of the operating costs of these airports.

The federal government recognizes that smaller airports may have difficulty in financing capital projects. As a result, ACAP was established to fund safety-related capital projects at airports that are not owned by TC, have scheduled passenger traffic and meet airport certification requirements. It should be noted that although ACAP also became a way to help transferred airports become financially self-sufficient, it is open to all airports meeting the eligibility criteria.

Objective of ACAP

ACAP's objective is to assist eligible airports in financing capital projects related to safety, asset protection and operating cost reduction. ACAP is intended to assist eligible airports that do not have the revenue generation or financing capabilities to fund most capital expenditures, so that they can maintain the required level of safety.

Administration of Program

The Assistant Deputy Minister P&D is responsible for ACAP. The program operates in the five TC regions: Pacific, Prairie and Northern, Ontario, Quebec, and Atlantic. Most program delivery activities are carried out regionally, while Headquarters (HQ) is responsible for program management, policies and funding.

Description of Program

Airport eligibility criteria

The program makes financial contributions to eligible airports for capital projects. It targets airports that do not belong to the federal government, receive scheduled passenger traffic and meet airport certification requirements.

Thus eligible airports:

- cannot be owned or operated by the federal government;
- must receive scheduled passenger service all year round (for each of the past three calendar years, an airport must have received a minimum of 1000 passengers on scheduled commercial flights); and
- must be certified as meeting the requirements of the Canadian Aviation Regulations, Part III, Subpart 2, Airports (TP312 Aerodrome Standards and Recommended Practices).

There are some exceptions to these airport eligibility criteria. Airports designated remote under the terms set out in the NAP do not need to meet the minimum passenger level to be eligible for ACAP. In addition, airports required by regulation to provide Aircraft Emergency Intervention (AEI) services to aircraft are also eligible for ACAP for AEI related projects only, even if they do not meet other airport eligibility criteria.

Currently 184 Canadian airports are eligible for ACAP. Note that the number may vary from year to year because:

- TC has transferred ownership of airports, which in many cases then become eligible for ACAP. Airport transfer occurred most often in the late 1990s; and
- The number of passengers may vary at certain airports, depending on changes in the market and in competition, which may lead to ACAP eligibility being gained or lost.

Eligibility criteria for projects

An eligible airport can receive a financial contribution for an eligible capital project in accordance with the program's priorities. Eligible projects are the following, in descending order of priority:

- **Priority 1**: Safety-related airside projects such as rehabilitation of runways, taxiways, aprons, associated lighting, visual aids, sand storage sheds, utilities to service eligible items, related site preparation costs including directly associated environmental costs, equipment and equipment shelters which are necessary to

maintain the airport's level of Aircraft Firefighting Services or Aircraft Emergency Intervention Services protection as required by regulation.

- **Priority 2**: Heavy airside mobile equipment (safety related) such as runway snowblowers, runway snowplows, runway sweepers, spreaders, and winter friction testing devices.

- **Priority 3**: Air terminal building/groundside safety-related – such as sprinkler systems, asbestos removal, and barrier-free access.

- **Priority 4**: Asset protection/refurbishing/relifing or operating cost reduction - air terminal building, groundside access, heavy airside mobile equipment shelters.

Note also, that as well as meeting the above criteria, the project must meet accepted engineering practices and be justified on the basis of current demand. Projects which result in an expansion of the facilities will only be considered where it is demonstrated that the current facilities negatively impact safety. Finally, applicants must demonstrate financial need, i.e. inability of the airport to self-finance the capital investment.

Cost sharing formula

When ACAP funds an eligible project, the cost sharing is based on the volume of scheduled passenger traffic at the airport in question and the priority of the project. Thus, as Table 1 shows, if the project is priority 1, 2 or 3, then the ACAP share of the total cost is based on the number of passengers. If the project is priority 4, the applicant will have to cover 50% of the costs, whatever the volume of scheduled passenger traffic. One exception is that Aircraft Emergency Intervention (AEI) projects required by Canadian Aviation Regulation (CARs) 308 are reimbursed at 100% of eligible costs.

Table 1: Cost Sharing Formula

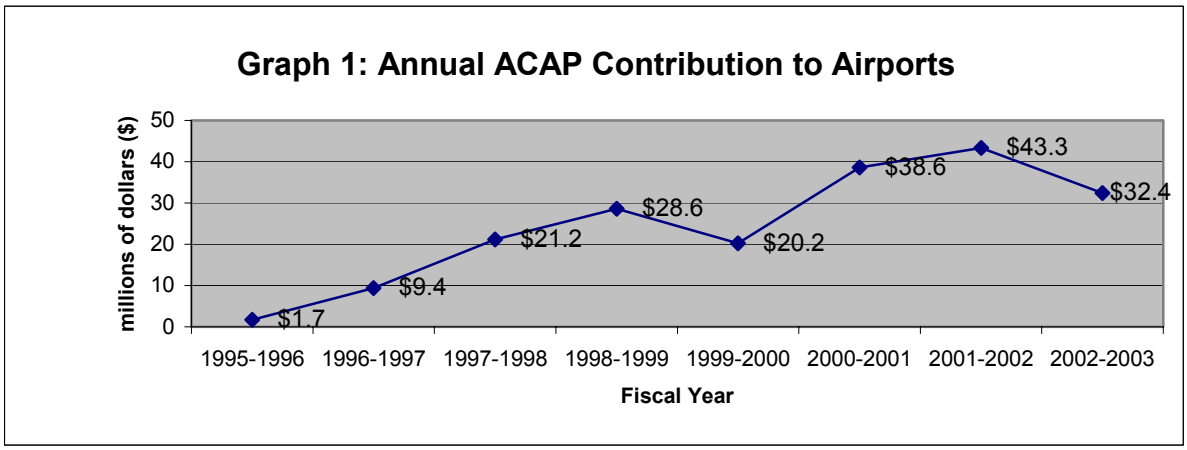
Passengers on Scheduled Commercial Flights	% ACAP Contribution Based on Project Priority	
	Priorities 1, 2, and 3	Priority 4
150,000 or more	85%	50 %
100,000 to 149,999	90 %	50 %
50,000 to 99,999	95 %	50 %
Fewer than 50,000	100 %	50 %

Budget

ACAP began in 1995 with approved annual funding of $35 million, for a total of $175 million for the five-year period from 1995-96 to 1999-2000. It was renewed in 2000 with a total maximum budget of $190 million for the period from 2000-01 to 2004-05. This included an annual average of $35 million for priority 1 to 4 projects and an additional $15 million over the five years, to be accounted for separately, for AEI projects.

Since it was established to the end of 2002-2003, ACAP has granted an average of $24 million a year. However as Graph 1 shows, funding has tended to increase over time. This may be explained by the fact that during the first years of the program, more and more airports were transferred, and as a result applications to ACAP increased. More recently, new certification

standards may have increased the number of applications for safety-related capital projects. It also may have taken some time for eligible airports to become familiar with ACAP and to submit applications with the required supporting documentation.



1.3 ACAP Logic Model

Table 2 shows the logic model for ACAP: its main activities, outputs and results.
The expected results vary with the type of project: safety, reduction of operating costs, and asset protection. The program may also have other results, such as maintaining a federal government presence, and contributing to economic prosperity.

The logic model was developed, as part of the Results Based Management and Accountability Framework (RMAF), in 2000 at the time of the last program renewal. It is expected that both the logic model and the RMAF will be reviewed and updated before the next program renewal in 2005.

Table 2: Airport Capital Assistance Program (ACAP)
Logic Model

Directly Controlled by TC	Directly Influenced by TC		Indirectly Influenced by TC
Activities	**Outputs**	**Results**	**Ultimate Outcomes**

▪ Promote the program
▪ Review applications
▪ Fund approved projects
▪ Oversee quality assurance
▪ Assess program performance
	Funding and completion of capital projects:
	▪ **Priority 1**: Safety-related airside projects
	▪ **Priority 2**: Heavy airside mobile equipment (safety-related)
	▪ **Priority 3**: Air terminal building/ groundside safety-related projects
	▪ **Priority 4**: Asset protection/ refurbishing/re-lifing or operating cost reduction
		Expected results
		▪ Safe airports:
		  ▪ Maintain certification level
		  ▪ Maintain and improve accident/incident levels
		  ▪ Maintain public confidence in airport safety
		▪ Reduced operating costs
		▪ Protection of assets
		Other possible impacts, not specifically targeted
		▪ Maintenance of federal presence
		▪ Contribution to economic development
			Maintenance of safe feeder airports to the National Airports System

1.4 Study Rationale

The study was conducted to provide input for future decision-making and to assess the program's relevance, success and whether there are alternative, more cost-effective ways of delivering the program. In addition, the evaluation study sought to examine the adequacy of the cost-sharing formula and the estimated future demand for the program.

1.5 Evaluation Issues

The evaluation study assessed the following questions to determine the program's relevance, success and impacts, cost-effectiveness and future demand:

A. Program Relevance

2.1 Is the program in line with current government objectives regarding airports? Does the program support and advance the mandate and strategic objectives of TC?
2.2 Are eligible airports able to pay for ACAP-type capital improvements without risking their viability?
2.3 Are other programs available to provide support to airports on their safety-related capital expenditures?

B. Program Success

3.1 Has ACAP helped airports finance capital projects related to safety, asset protection and operating cost reduction?
3.2 Has ACAP helped airports maintain or enhance their safety level?
3.3 Has ACAP contributed to the government's environmental sustainability objectives?
3.4 Has ACAP contributed to a reduction in operating costs at funded airports?
3.5 Has ACAP increased the life of airport assets?
3.6 Did ACAP assist airports in maintaining feeder airports for the NAS?

C. Cost-effectiveness

4.1 Are airport eligibility criteria appropriate?
4.2 Are ACAP project eligibility criteria appropriate?
4.3 Is the current cost-sharing formula appropriate?
4.4 Is ACAP information and administration of the program effective?
4.5 Is the current-decision making process the most effective method?
4.6 Are the current roles and responsibilities appropriate?
4.7 Is the current funding mechanism an appropriate method of allocating funds?

D. Future Demand

5.1 What is the future demand for ACAP funds?

1.6 Methodology

The evaluation team developed an evaluation strategy and selected methods for collecting the data needed to address the above evaluation questions.

The current ACAP evaluation called for a methodological approach similar to the one used in the 2000 evaluation study, albeit to a scaled-down degree.

1. Survey of Airport Operators

A survey was conducted of a random sample of 110 airport operators chosen from among the 184 ACAP-eligible airports. The purpose of the survey was to obtain:

- information on the airports;
- operators' viewpoints on program management, airport eligibility criteria, project eligibility criteria, the cost-sharing formula, other sources of funding, and safety; and
- forecasts of airports' future demand for ACAP-related projects.

The survey was conducted on contract by COMPAS. They mailed out a questionnaire to all the airports in the sample and analysed the replies. The questionnaire and a list of the airports in the sample are attached as Annexes 1 and 2 respectively.

Among the 110 airports in the sample, 73 completed the survey, for a return rate of 66%. The results are accurate to a margin of error of 6.7 percentage points, 19 times out of 20. Only one airport in Quebec responded. Among the 18 Quebec airports in the sample, 17 did not respond, and 11 of these are owned by the Province of Quebec. Instead the Quebec Department of Transport sent a letter to the Deputy Minister of TC with comments on the program. This low response rate from Quebec limits the applicability of the evaluation to that province.

2. Interviews with External Stakeholders

Telephone interviews were conducted with external stakeholders affected by ACAP, mainly provinces/territories, aviation boards, airline industry associations and pilots' associations, both regional and national. The interviews sought their opinions on ACAP-related needs, airport eligibility criteria, project eligibility criteria, the cost-sharing formula, and the decision-making process.

COMPAS was mandated to conduct the interviews and analyse the responses. Twenty-seven organizations were approached and 26 interviews were completed. Attached is a list of external stakeholders (Annex 3) and the interview guide (Annex 4).

3. Interviews with TC Regional and HQ Staff

The evaluation team interviewed TC regional and HQ staff in person. A total of six planned interviews were completed, five in the regions and one at HQ.

The purpose of these interviews was to determine the viewpoint of ACAP staff regarding the design of the program (cost-sharing formula, project eligibility criteria, airport eligibility criteria, decision-making process), other sources of funding, future demand, and the program's impact on safety and on the environment. Attached, as Annex 5 is a copy of the questionnaire. Annex 6 lists the TC ACAP staff that were interviewed.

4. Interviews with Aerodrome Safety Inspectors

Semi-structured telephone interviews were conducted with one Aerodrome Safety Inspector in each of the five TC regions. The purpose was to collect their opinions about the ability of ACAP to maintain and improve airport safety. Attached, as Annex 7 is the interview questionnaire. Annex 8 lists the Aerodrome Safety Inspectors that were interviewed.

5. Case Studies

The evaluation included file reviews of ACAP-funded projects, looking at the following aspects: ability of the airport to pay, possible sources of funding, future capital needs, and the impact of the project on safety, the environment, maintenance costs, and the service life of the funded capital assets.

A total of 17 projects were chosen from among all the projects funded by ACAP between 2000 and 2003. Projects were selected for review using the following criteria:

- Representative of the number of airports in each region;
- Representative of priorities; and
- Completed in the last 3 years.

The list of cases is attached as Annex 9.

6. Analysis of Program Data

The evaluation team analysed the data compiled by program management. The RMAF of January 2001 called for an ongoing performance measurement strategy. Consequently the program's managers set up a system to gather data, essentially a database of information on each project funded by ACAP since 2000-2001.

The database was used for the current evaluation and proved useful for measurement of the success of the program with regard to maintaining and improving safety, extending the life of airport assets, reducing operating costs, and protecting the environment.

Since the validity of the evaluation depended on the quality of the database, the evaluation team took steps to determine whether the information in the database was consistent with project files. For this purpose they compared the contents of the database to the data in the 17 project files reviewed for the case studies and the process of data entry and verification by the staff.

The comparison revealed that the database seems to be reliable. Although in several cases the data did not match information in the project files or information was missing from the files, the process of data entry and verification ensures the reliability of the data. Indeed, the evaluation team found that headquarters program staff:

- Developed definitions of terms to ensure consistency in the data provided for entry into the database; and
- Reviewed and verified the accuracy of the data.

The evaluation team also noted that, with regard to changes in operating costs, the database only contained information when there was a reduction in costs. When a project increased operating costs, the database showed "$0" rather than a negative figure. Program staff indicated that the database was designed to only include decreases in operating costs in order to respond to the indicator included in the RMAF. Nevertheless, the evaluation team noted that it would be more appropriate to include both increases and decreases in order to determine the full impact on operating costs of airports as a result of projects funded by ACAP.

Recommendations:

- **P&D should ensure that regional project files include all pertinent information submitted for entry into the database.**
- **P&D should update the RMAF so that all changes to operating costs are captured in the database and reported on.**

7. Future Demand Database

The evaluation created a future demand database that allowed the evaluation team to determine the approximate future demand for ACAP funds over a five-year horizon, based on the current program design. The forecast of future demand for ACAP funds was based on the following data sources:

- Airport operators submitted information about their capital needs through the survey.
- TC regional staff reviewed the eligibility of projects identified in the survey and the need for the project to be funded in the year identified by the airport.
- For airports not providing information about capital needs through the survey, airport capital plans were used, when available.
- Information on future demand was available for 153 (83%) of the 184 airports eligible for ACAP.
- For airports for which no information was available through the survey or capital plans, an estimation of five-year costs was made based on the average estimated costs for similar airports.
- The approved capital projects for 2004-05 and the list of regionally qualified projects were also used for verification.

This database was then used to determine the approximate future demand for ACAP based on the current program design and a number of scenarios for changing ACAP program design (project eligibility and cost-sharing) based on some of the recommendations in this report.

2.0 PROGRAM RELEVANCE

2.1 Is the program in line with current government objectives regarding airports? Does the program support and advance the mandate and strategic objectives of TC?

> **Key Finding: The evaluation found that ACAP objectives are in line with current government objectives regarding airports and supports and advances the mandate and strategic objectives of TC – safety and economic and social development.**

"Straight Ahead: A Vision for Transportation in Canada" outlines the government's direction to address key transportation issues in the years ahead. This document constitutes TC's contribution toward the government's commitment in the September 2002 Speech from the Throne to "introduce a new strategy for a safe, efficient and environmentally responsible transportation system". It further indicates that safety and security will remain TC's primary focus. ACAP's objective is to assist eligible airports in financing capital projects related to safety, asset protection and operating cost reduction. The funding provided by the program is intended to help eligible airports maintain safety standards, a purpose which is therefore consistent with the TC's safety mandate.

In addition, a number of airports eligible for ACAP are isolated, linking the program to the government's commitment to Canadians in remote communities. Stakeholders interviewed emphasized that an airport is the economic lifeline for remote communities. They indicated that the free-flow of people and commercial goods is essential for the development of these communities, and would not be possible without a safe and efficient airport.

2.2 Are eligible airports able to pay for ACAP-type capital improvements without risking their viability?

> **Key Finding: The evaluation determined that most airports receiving ACAP funding are unable to pay for capital improvement projects. Nevertheless some airports do have operating surpluses capital reserves and some are owned by provinces/territories or municipalities that may have a greater ability to pay.**

ACAP guidelines specify that applicants must demonstrate financial need, that is, an inability of the airport to self-finance the project, and that the applicant is required to provide audited financial statements for the past three years to demonstrate this. Of the airports responding to the survey, the majority felt that the inability to self-finance was an appropriate criteria, and only 11% of respondents indicated that it was difficult to submit this evidence. It should be noted that only one or two airports have been deemed by program staff to have the ability to pay.

When airports were asked to identify the source of funding for projects they undertook without ACAP funding, they identified the source of funding as the municipal government, the provincial government and capital reserves. The evaluation team therefore examined these sources to determine their impact on airports' ability to pay for ACAP-eligible projects.

As part of the informal guidelines used by TC to determine "ability to pay", airports are allowed to have capital reserves so long as they are able to provide a long-term capital plan for these funds. The purpose of this guideline is to allow airports to put aside funding for necessary not funded by ACAP, not eligible for ACAP and the operator share of ACAP-funded projects. In reviewing the financial statements of the 17 case study projects examined by the evaluation team, it was noted that some airports had spent funds on projects not related to safety, while others did not have the financial means to do this. Since all airports were provided funding, all were deemed by TC to be unable to self-finance the project. Of the 17, 14 had operating deficits; 2 had small operating profits, of which one also had a small capital reserve; and no information was available on the file for the final case. The case study review highlighted the fact that some ACAP-eligible airports have more options and funding flexibility open to them than others; a few of these could potentially maintain their safety level without ACAP or with ACAP providing a smaller percentage of the funding. While ACAP's cost-sharing is structured in such a way as to partially take into consideration the varying abilities of airports to pay for projects by requiring airports with greater numbers of scheduled passengers to contribute a greater percentage to ACAP projects, this does not take into consideration other factors such as charter and freight flights and cost structure variations due to local conditions. The evaluation team suggests that, for those airports having operating surpluses or capital reserves, their greater capacity to pay should be an additional criteria to be considered when ranking projects for funding.

ACAP program staff have also interpreted the guidelines to mean that the airport itself must be unable to self-finance the project. The capacity of the airport's owner is not considered in this process. Table 3 below shows the breakdown of airports eligible for ACAP by ownership type.

Table 3: Airports Eligible for ACAP by Ownership Type

Ownership	Percentage of Eligible Airports
Province/Territory	61
Municipality	27
Corporations or non-profit Organizations	10
Private Entities	2

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Recommendations:

- **REMOVED ATIP**
- **P&D should consider adding two criteria to be used when prioritizing projects for funding: the ownership of an airport; and the existence of operating surpluses or capital reserves.**

2.3 Are other programs available to provide support to airports on their safety-related capital expenditures?

> **Key Finding: The evaluation determined that very few additional programs exist to provide support to airports on their safety-related capital expenditures. No duplication of funding was identified in the evaluation.**

In the past, TC had a number of capital project funding programs for airports. These included the Strategic Capital Investment Initiatives Program (SCII), the Nouveau-Québec Program, Economic Regional Development Agreements (ERDA) and the Local/Local Commercial Airports Program. This last program was terminated in 1995 when ACAP was introduced. In addition to ACAP, TC programs currently fund the following airport capital programs:

- Strategic Highway Infrastructure Program - Nunavut: In the Federal Budget Speech of February 2000, the Government of Canada committed to improving the economy and the quality of life for Canadians by investing $600 million over six years for highway infrastructure across Canada. Given the lack of highway investments in the Territory of Nunavut, the portion of the funding earmarked for Nunavut will be directed at transportation infrastructure priorities identified in the Nunavut Transportation Strategy (NTS). Under this program, $4.3 million will be provided to Nunavut for major capital projects involving construction, rehabilitation, improvements or the addition of new capacity, which may include airport projects. However, given the relatively low funding level for this program, the program's expiry in 2006-07 and the fact that costs which have been shared under other federal statutes or programs, such as ACAP, are not eligible under this program, overlap between the two programs is unlikely.

- Labrador Coast Airstrips Restoration Program (LCARP): The latest renewal of this program provided a maximum of $5 million from 2003-04 to 2007-08 to the Province of Newfoundland for restoration and maintenance of 14 airstrips in the Labrador Coast. Since none of the airports covered by the LCARP meet ACAP eligibility criteria, no overlap was seen between LCARP and ACAP.

Except for the above two programs, ACAP is currently the only mechanism through which the department provides capital funding to airports not owned or operated by the federal government. Municipalities and provinces have raised concerns about the viability of locally managed regional and small airports, particularly in light of continuing airline industry restructuring. In "Straight Ahead", the government indicated that it was aware of these concerns and TC agreed to study the viability of these airports.

Another potential source of funding for ACAP-eligible airports is under infrastructure funding programs of federal regional agencies such as the Canada Economic Development Agency in Quebec, the Western Economic Diversification Agency and the Atlantic Canada Opportunities Agency (ACOA). Regional ACAP staff indicated that these programs normally exclude airports that are eligible under ACAP. A review revealed that only one ACAP-eligible airport had received funding for a capital project in the past three years. Sydney airport received $1 million from Enterprise Cape Breton, part of ACOA, for enhancements to the airport terminal building.

Another potential source of funding for ACAP-eligible airports not owned by provinces are provincial airport capital infrastructure programs. The evaluation team reviewed documentation with respect to such programs. The review revealed that such programs exist in Manitoba,

Alberta and British Columbia. The Manitoba Airport Capital Assistance Program and the Alberta Community Airport Program specifically exclude, as eligible applicants, airports that qualify for TC's ACAP. Applicant guidelines for British Columbia's Air Transport Assistance Program clearly state that projects which are eligible for federal airport capital assistance (through TC's Airports Capital Assistance Program) will be low priority for limited ATAP funds ($2 million per year). Regions confirmed that ACAP-eligible airports do not obtain funding through these mechanisms.

Overall, the evaluation concluded that very few programs exist to support capital infrastructure and airports are very dependent on ACAP. This conclusion was supported by the results of the survey in which airport operators, when asked to rate the importance of possible sources of funding to finance ACAP-eligible capital projects required by the airport, indicated that the most important source of funding was ACAP (77% gave it a score of 4 or 5 out of 5 in importance as a source of funding).

3.0 SUCCESS OF THE PROGRAM

3.1 Has ACAP helped airports finance capital projects related to safety, asset protection and operating cost reduction?

> **Key Finding: By contributing mainly to Priority 1 and 2 projects, ACAP contributes financially to projects related to safety. ACAP does contribute to operating cost reduction and asset protection even though no priority 4 projects were implemented between April 2000 and March 2003.**

To determine whether ACAP contributed financially to capital projects related to safety, asset protection and operating cost reduction, the program's outputs were examined. The Treasury Board (TB) defines a program's outputs as direct services stemming from the activities of a policy, program or initiative, and delivered to a target group or population.

The amount of money and the number of funded projects and airports funded are measures of ACAP's outputs. Over the last three years, from April 1, 2000 to March 31, 2003, the program funded 126 projects distributed among 39% (72 of 184) of the eligible airports for a total of $124.9 million.

Table 4: Funding and Number of Projects and Airports Funded by ACAP

Fiscal Year	Amount of Contribution[1] ($M)	Number of Projects	Number of Airports
2000-2001	$45.5	47	36
2001-2002	$38.7	27	23
2002-2003	$40.7	52	40
TOTAL	**$124.9**	**126**	**72[2]**

[1]The dollar figures are rounded to the nearest $100,000

[2] Since the same airports may receive funding for different projects from one year to the next, the total number of funded airports does not correspond to the total number of funded airports by year. Between 2000 and 2003, 72 airports in total received funding through ACAP.

The distribution of projects funded based on ACAP's four priorities may indicate the extent to which ACAP is contributing to funding capital projects related to safety, asset protection and operating cost reduction.

Priority 1 addresses safety-related airside projects, while priority 2 funds safety-related mobile equipment. Priority 3 addresses air terminal building/groundside safety such as sprinkler systems, asbestos removal and barrier-free access. Priority 4 addresses asset protection/refurbishing/relifing and operating cost reduction related to air terminal buildings, groundside access and heavy airside mobile equipment shelters.

Table 5 shows the distribution of projects funded, according to priority. Of the 126 funded projects, 67% addressed priority 1 and close to 33% addressed priority 2 (87 and 41 projects respectively). As for the other priorities, the program funded only one priority 3 project during the 2002-2003 fiscal year and it did not implement any priority 4 projects. Note that priority 1,

which represents 66% of all projects, received 91% of the funding because projects of this nature cost more.

Table 5: Distribution of Projects According to Priority

Fiscal Year	Priority 1		Priority 2		Priority 3		Priority 4		Total
	#	%	#	%	#	%	#	%	
2000-2001	26	55.3%	21	44.7%	0	0%	0	0%	47
2001-2002	23	81.2%	4	14.8%	0	0%	0	0%	27
2002-2003	35	67.3%	16	30.8%	1	1.9%	0	0%	52
TOTAL	**84**	**66.7%**	**41**	**32.5%**	**1**	**0.8%**	**0**	**0%**	**126**

Table 6: Distribution of Funding According to Priority

Fiscal Year	Priority 1		Priority 2		Priority 3		Total
	$M	%	$M	%	$M	%	
2000-2001	$39.6	87%	$5.9	13%	$0	0%	$45.5
2001-2002	$38.1	98.5%	$0.6	1,5 %	$0	0%	$38.7
2002-2003	$36.2	88.9%	$4.2	10.2%	$0.4	0.9%	$40.8
TOTAL	**$113.9**	**91.1%**	**$10.7**	**8.6%**	**$0.4**	**0.3%**	**$125.0**

This distribution of projects according to priority indicates that ACAP clearly emphasizes airside safety. Given that priority 1 and 2 projects are the ones most concerned with airside safety and that ACAP funded almost exclusively priority 1 and 2 projects, it can be concluded that ACAP is contributing to funding safety-related capital projects.

The evaluation team's review of 17 case files supported this conclusion. The files indicated that ACAP funded airside safety-related projects. Furthermore, the project approval process demonstrated that ACAP is interested in safety as each of the 17 applications showed how the project responds to a safety concern.

However, even though ACAP funded almost exclusively priority 1 and 2 projects, this does not mean that it did not assist airports in funding projects related to asset protection and operating cost reduction, as these may occur as a result of lower maintenance required for new equipment or rehabilitated assets. However, the file reviews indicated that asset protection and operating cost reduction are less important criteria. Among the 17 projects, none of the records specified how the project contributes to asset protection and only a few indicate how the project will contribute to reducing operating costs.

Recommendation:

- **P&D should consider whether it is still relevant to keep priorities 3 and 4 since the program's history shows that ACAP is not currently funding these priorities and since the objective of cost reduction and asset protection could be met by funding safety-related capital projects.**

3.2 Has ACAP helped airports to maintain or enhance their safety?

> **Key Finding: Overall, ACAP has contributed to improving and maintaining airport safety. However, there is a lack of clear guidelines for ranking projects for funding.**

To respond to this question, the evaluation identified the impacts of the program based on the survey, the file review, and the interviews with stakeholders, TC ACAP staff and safety inspectors.

The majority (66%) of airport operators surveyed indicated that ACAP's support has been important or very important in helping them improve or maintain airport safety. ACAP staff also believe that ACAP is contributing to maintaining and improving airport safety, and some observed that a number of ACAP-eligible airports would not be able to meet safety standards without ACAP assistance. Inspectors indicated they believe that the program plays an important role in ensuring that safety standards are maintained in eligible airports. The majority indicated that without ACAP a number of these airports would not be able to ensure full compliance with safety standards, and as a result, would lose their certification. Stakeholders interviewed are also optimistic about ACAP's capacity to improve airport safety as indicated by the following comments.

> *"Without ACAP, airports would not be able to maintain facilities in a safe fashion."*

> *"The airports are really dependent on it. Most of the regional and small airports can't generate enough revenue to cover their capital program; they're lucky if they can generate enough to cover their operating programs. So without ACAP, they really would not be able to maintain the facilities in a safe fashion."*

Inspectors indicated that ACAP should put more emphasis on certification standards and include projects related to certification in priorities 1 and 2. Inspectors also noted that certification standards are changing and airports are having increasing difficulty in meeting them. Since airports that do not comply with certification standards would no longer be allowed to operate, inspectors indicated they believe these projects are most suitable to being funded by ACAP in order to maintain or improve airport safety. Priority for ACAP funding is established partly on the basis of airport certification requirements, and ACAP staff reported that no airport has lost its certification as a result of not receiving ACAP funding.

In interviews, ACAP program staff indicated they believe that all urgent safety-related projects are funded before any safety situation exists. They indicated that a number of priority 1 and 2 projects were not funded at the time they were submitted by the airport, because the airport applied for funding prematurely. For instance, the airport might have applied for funding to replace infrastructure or equipment that was approaching the end of its useful life, but which might be able to be used safely for an additional year or two. These projects were put on a "reserve list" of qualified projects for future funding consideration. When a project is considered urgent by ACAP staff it is dealt with on a priority basis, and is fast-tracked so that funding may be provided within weeks. To date only three projects have been deemed to be urgent safety-related and received this special treatment.

While all agreed that ACAP was contributing to maintaining and improving airport safety, airports, stakeholders and some inspectors expressed doubts that ACAP was funding all urgent

capital needs. Some suggested that ACAP needs an increased budget in order to maintain airport safety. In addition, according to 53% of surveyed airport operators, ACAP did not help them fund all urgent capital projects. Of that 53%, 31% identified projects relating to runway installation/replacement/maintenance, 16% identified projects relating to fencing installation/maintenance/replacement, 16% identified projects relating to lighting replacement/installation, 13% identified projects relating to taxiway installation/replacement/maintenance and 9% identified projects to crush gravel.

This difference in opinion about whether all urgent projects are funded may be due to the lack of a clear definition of what is considered to be an urgent capital project by TC staff, stakeholders and airport operators. As evidence that some urgent projects may not have been funded, the evaluation team noted that a small number (7%) of airports reported that there were safety-related incidents at their airports as a result of ACAP-eligible projects not being funded. Examples of the incidents included lighting failures, and deer strikes and other vehicle/wildlife incursions.

Because of the difference in opinion about whether all urgent projects are funded, the evaluation team reviewed the criteria currently used by program staff to prioritize projects for funding. The ACAP documentation specifies that priority for funding will be established by Transport Canada on the basis of:

- category of the eligible project (i.e. priority 1, 2, 3 or 4 as outlined above);
- technical analysis (facility condition, asset maintenance history and proposed future maintenance schedule);
- airport traffic (year-round scheduled service, aircraft and passenger); and
- airport certification requirements, and industry advice.

ACAP staff confirmed that this list is currently the basis for their prioritization of funding decisions. They also indicated that previous attempts to use weighted factors in their decision-making process had been cumbersome, ineffective and were therefore abandoned. The evaluation team noted, nevertheless, that clearer, more detailed guidelines for ranking projects for funding are required. These guidelines would explain how the above factors are used by program staff to assess the level of risk at an airport in order to rank projects. These guidelines need to be developed and communicated to airports and stakeholders in order for the program decision-making to be transparent to stakeholders.

In addition, there is a need to address the difference in understanding of what constitutes an urgent safety-related project. P&D needs to communicate to airports the definition of projects that would qualify for special treatment due to their urgent safety-related nature.

Another safety-related issue that came to light in the evaluation was the question of training. A number of inspectors stated that training should be funded by ACAP, and noted that some airports received new equipment and vehicles funded by ACAP, without knowing how to use them, since they do not have money for training. In fact, ACAP funding does cover training directly required to render the asset into service, as this is considered part of the capital cost. However, ongoing training, for example training of new staff, is not covered by ACAP. The comments of the inspectors suggest that there is a lack of awareness that initial training related to a capital project is eligible under ACAP, and as a result the ACAP investment might not be fully utilized.

Recommendations:

- **P&D should develop clear guidelines for prioritizing projects for funding. It should communicate these criteria as well as its definition of "urgent safety-related project" to airports and stakeholders.**
- **P&D should ensure that ACAP applicants are aware that the cost of training required to render the asset into service is eligible for ACAP as it is considered a part of the capital cost. In addition, ACAP recipients should be required to provide a written commitment that they will provide any ongoing training necessary to operate and maintain the asset.**

3.3 Has ACAP contributed to the government's environmental sustainability objectives?

Key Finding: Although this is not an objective of the program, ACAP supports sustainable development by providing financial assistance for environmental mitigation measures within approved projects

ACAP is not an environmental protection program. However, ACAP is concerned with sustainable development and supports the implementation of measures that decrease any harmful environmental effects of the capital projects it funds.

When the *Canadian Environmental Assessment Act* (CEAA) requires it, program staff ask applicants to provide an assessment of the program's effects on the environment. If mitigation measures[1] are required, the related costs are included in the cost of the project. By doing so, ACAP covers the costs related to environmental protection. At the end of the project, TC verifies that the mitigation measures were included as part of the scope of the project. According to the database of project information maintained by ACAP program staff, between 2000 and 2003, out of the 126 projects funded by ACAP, 30% included mitigation measures.

Table 7: Environmental Mitigation Measures

Fiscal Year	Environmental Mitigation Measures	
	#	%
2000-2001	19	40%
2001-2002	10	37%
2002-2003	9	17%
Total	**38**	**30%**

[1] Mitigation measures are defined as special measures taken during the execution of the project which involve additional costs for the capital project.

3.4 Has ACAP contributed to a reduction in operating costs at funded airports?

> **Key Finding: Through the funding of safety-related projects, ACAP contributed to the reduction of operating costs, although over the period 2000-01 to 2002-03, it did not implement any capital projects that were directly related to cost reduction (priority 4).**

According to the data collected by ACAP program management, ACAP investment in the period 2000-01 to 2002-03 contributed to reducing operating costs to the airports by approximately $5,900,000[2] over the life of assets funded. These savings represent an average cost saving of $331,000 per year or $8,500 per project per year. This is an indicator of the estimated cost savings from projects funded in the 2000-2001 to 2002-2003 period only. Data on cost savings was not collected for projects funded before 2000.

Table 8: Estimated Savings in Operating Costs Generated by Capital Projects Funded by ACAP - 2000 to 2003

Fiscal Year (of Project Funding)	ACAP Investment (000's) Total Estimated Cost	Total estimated savings in operating cost per year (000's)
2000-2001	$ 45,485	$ 446.5
2001-2002	$ 38,724	$ 305.4
2002-2003	$ 40,741	$ 241.2
Average	**$ 41,650**	**$ 331**

It should be noted that these savings in operating costs cannot be attributed to implementing priority 4 (capital projects directly associated with operating cost reduction) but to the effects of funding safety-related projects (priorities 1 and 2). By replacing airport assets, ACAP can often contribute to the implementation of more sound technologies that involve less maintenance and operating costs.

[2] This total is the total average savings in operating cost per year multiplied by the average increase in useful life of assets, 18 years (see next section #3.5). It should be noted that this number is a straight-lined estimate and does not take into account inflation, discounting or other factors.

3.5 Has ACAP increased the life of airport assets?

> **Key Finding: Through the funding of safety-related projects, ACAP contributed to increasing asset life, although it did not implement any capital projects directly related to increasing the life of airport assets (priority 4).**

According to the program management database, on average, in the 2000-01 to 2002-03 period, ACAP increased the life of assets by 18 years. Furthermore, priority 1 and 2 projects were relifed by the most years (19 years for priority 1 and 16 years for priority 2). Therefore, by providing more funding for priority 1, ACAP contributed to further relifing airport assets.

Table 10: Average Increase of the Useful Life of Assets per Year and by Priority

Fiscal Year of Project Funding	Average Years
2000-2001	17.34
2001-2002	18.89
2002-2003	17.55
Average	**17.92**

3.6 Did ACAP assist airports in maintaining feeder airports for the NAS?

> **Key Finding: The evaluation determined that, in general, ACAP funded airports that provide a link to NAS airports. It can therefore be concluded that ACAP contributes to maintaining feeder airports**

In the survey, airport operators indicated that, on average, 68% of passengers used their airports to connect to and from a NAS airport. It should be noted that the evaluation did not measure what percentage this represented of NAS airport traffic. Nevertheless, the evaluation team felt that the survey results support the NAP concept of ACAP-eligible airports forming a feeder airport system, particularly for ACAP airports not in close proximity to a NAS airport.

ACAP stakeholders believe that ACAP plays an important role in maintaining a feeder airport system in Canada. However, a number of stakeholders specified that, in order to maintain such a system in Canada, the eligibility criteria for ACAP should also include airports without regular passenger service. Furthermore, stakeholders stated that ACAP should also contribute to the operating costs of small airports in order to maintain feeder airports. This evaluation report discusses these issues in section 4.

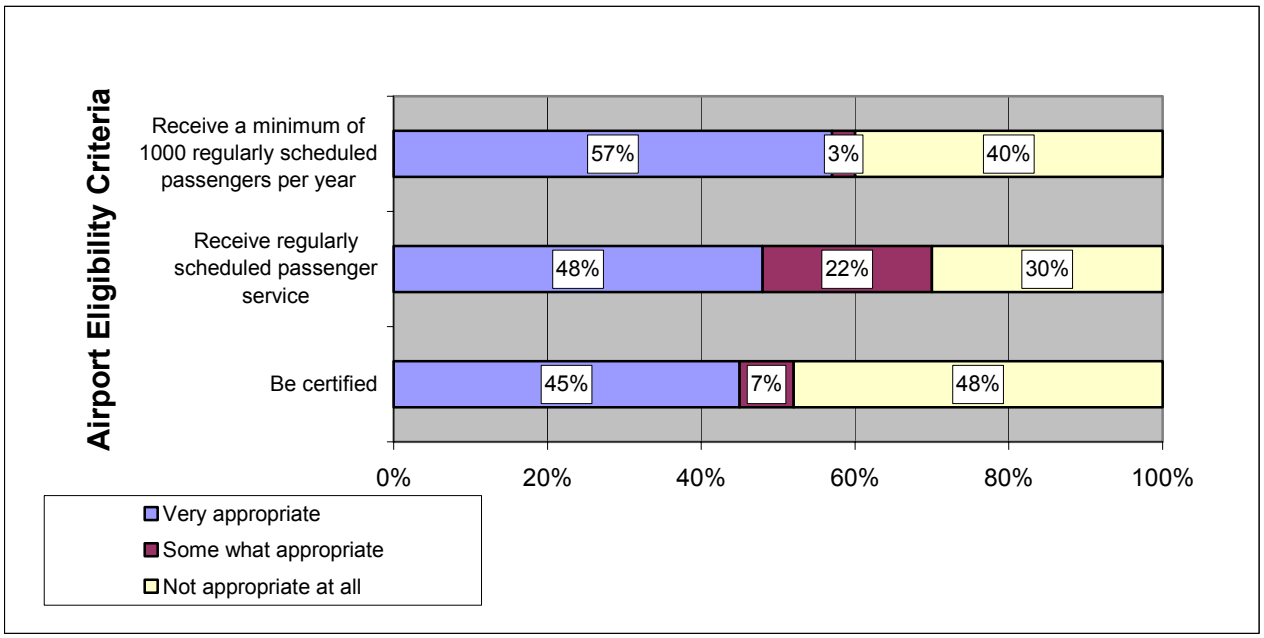
4.0 COST-EFFECTIVENESS OF ACAP

4.1 Are ACAP airport eligibility criteria appropriate?

> **Key Finding: The evaluation found that the current airport eligibility criteria are appropriate. The eligibility of non-NAP remote/isolated airports warrants further study following a departmental policy review of remote air transportation.**

The evaluation found that many airport operators and external stakeholders would like to see changes to the airport eligibility criteria, either to eliminate the requirement for certification or minimum scheduled passenger levels. Airport operators were surveyed as to their views concerning current airport eligibility criteria. Airport operators were asked to rate on a 5 point scale the appropriateness of three airport eligibility criteria: the requirements for certification, regularly scheduled passenger service and the minimum of 1,000 passengers per annum. The bar graph below represents the results of the survey findings. The appropriateness ratings for the airport eligibility criteria range from a high of 57% for the requirement of 1,000 regularly scheduled passengers annually, to a low of 45% for the requirement of certification.

Graph 2: Airport Survey Results Concerning Airport Eligibility Criteria



Furthermore, during consultation with external stakeholders, the evaluation found that some stakeholders are very concerned about the minimum passenger service criteria. Several stakeholders argue that the minimum level discriminates against smaller airports that rely on chartered flights and that the number of enplaned and deplaned passengers is not an adequate measure for the size of an airport. According to some external stakeholders, the exclusion of airports that provide mostly chartered services can impact the entire air transport system in Canada. A few interviewees were also concerned that by setting a minimum level of scheduled

services, ACAP is excluding airports that need the capital funds to increase their scheduled passenger service. Some mentioned that flight training is mainly provided at small airports with no scheduled service and if these are not funded, there will be a decrease in the number of pilots to support the rest of the airport system. Moreover, some mentioned that cargo flights, which supply "just in time" service for the manufacturers would disappear.

While stakeholders would like more airports to be eligible for ACAP, they acknowledged that an expansion of the eligibility criteria could decrease the amount of funds available. Several respondents were hesitant to recommend that the eligibility criteria be expanded to include more airports because they felt that the current level of funding did not meet the needs of airports that are already eligible.

ACAP program staff, on the other hand, felt that the current ACAP airport eligibility criteria were appropriate and consistent with the NAP.

The evaluation found that there is a policy rationale for ACAP-eligible airports having a minimum of 1,000 scheduled passengers per year. This policy is designed to ensure that ACAP focuses on airports with at least minimal number of scheduled passengers. This evaluation views that this is consistent with the premise of the NAP, which states that it is no longer a federal role to finance airports that serve solely recreational flyers or general aviation activities. The evaluation also found that expanding the eligibility criteria to include all registered aerodromes with or without passenger service would increase the number of airports eligible for ACAP from 184 to well over 700. The complete funding strategy for ACAP would have to be revisited should this change be considered. Since it is neither a recommended or likely option, the evaluation did not explore this area further.

One area which the evaluation team felt requires further study was that of remote airports. Some stakeholders emphasized that an airport is the economic lifeblood for remote communities. The free-flow of people and commercial goods is essential for the development of these communities, and would not be possible without a safe and efficient airport. It should be noted that airports designated as remote in the NAP are exempt from meeting the minimum 1,000 annual passenger criterion. Remote airports were defined in the NAP as those airports receiving federal assistance that provided the only reliable year-round mode of transportation to the community served by the airport. These airports, located for the most part in remote native communities had, prior to the implementation of NAP, received an operating subsidy from TC, and through the Local/Local Commercial (LLC) program could apply for funds to meet their safety-related capital expenditures. With the elimination of the LLC and the inception of ACAP, TC wanted to maintain the access that these airports had to funds for safety-related capital expenditures. The last evaluation (2000) found that there was a perception created among provincial/territorial officials that the NAP remote exemption was inconsistent, and that other non-NAP remote airports (airports located in isolated communities but not meeting the NAP definition) should also be eligible for ACAP.

The previous evaluation recommended that data be collected on non-NAP remote/isolated airports in Canada and that, within two years, a policy review be conducted on potential changes to eligibility of remote airports for ACAP. Data has been collected on 98 non-NAP remote/isolated type airports, however the study has not been completed. Therefore, the evaluation team cannot comment on the future of non-NAP remote/isolated type airports for ACAP until a policy review has been completed.

Recommendation:

- **On completion of the policy review on non-NAP remote/isolated airports, P&D should determine if changes are required with respect to the eligibility of remote/isolated airports for ACAP.**

4.2 Are ACAP project eligibility criteria appropriate?

> **Key Finding: The evaluation found that generally the project eligibility criteria are appropriate. Due to limited funding, priority 3 and 4 projects are rarely funded.**

The evaluation found that there is support from the airport operators and aerodrome safety inspectors for the appropriateness of ACAP project eligibility criteria. An overwhelming majority (98%) of airport operators deemed ACAP project eligibility criteria to be highly appropriate, stipulating that the project must be essential to maintain or improve safety, protect the asset or reduce operating costs. Over three-quarters (76%) of respondents said that it was appropriate for projects to meet accepted engineering practices while over half (56%) said that it was appropriate to require the project to be justified on the basis of current demand.

The evaluation found that there is some inconsistency surrounding the funding of priority 3 and 4 projects. While the project eligibility consists of four priorities, the evaluation found that only priorities 1 and 2 are funded as there is limited funding, and more importantly, they are deemed essential safety related projects. Even though priorities 3 and 4 are not being funded, the program is still accepting applications for funding these priorities. This is causing a large amount of confusion, as some airport operators, stakeholders questioned why these priorities were not being funded, and if they were not being funded, why applications were still being accepted. Moreover, there is further inconsistency, as some regions were aware that they would not get funding for priority 3 and 4 projects and had instructed airports not to submit applications. Other regions were accepting applications for priority 3 and 4 projects. Some airport operators were extremely upset as they were investing funds and time in preparing these applications. These respondents believed that TC should not be telling operators to submit applications for priority 3 and 4 projects when they knew they would not get any funding.

TC staff are divided on whether or not priority 3 and 4 projects should continue to be funded. In any case, they felt it was important to consistently interpret project categories and have instituted a system where decisions are tracked and recorded. The evaluation found that a decision has to be made on whether or not to eliminate priorities 3 and 4. This decision with respect to these priorities needs to be communicated clearly and consistently to airport operators and stakeholders to avoid the current confusion. There are mixed opinions offered by stakeholders and ACAP staff about whether or not priority 3 and 4 should be eliminated. For instance, a few stakeholders

stated that it would not be detrimental if ACAP discontinued funding for these priorities. One respondent stated that by discontinuing funding for priorities 3 and 4 there would then be more funding available for important priority 1 projects. Other stakeholders felt that priority 3 and 4 projects assist the smaller, more remote airports. By removing this criterion, ACAP may be removing capital funding for those who need it the most. Sixty-eight percent of airports responding to the survey disagreed with discontinuing funding for priority 3 and 4 projects.

Several stakeholders suggested that the project eligibility criteria should be expanded to include other costly infrastructure not presently covered under the program. These stakeholders indicated how some safety related maintenance and upgrades were currently not eligible under ACAP. Some stakeholders speculated that the expansion of eligibility requirements, including the funding of non-capital and priority 3 and 4 projects, would increase the number of airports who receive funding and would allow airports to become more self-sufficient. Stakeholders hypothesized that better facilities would allow airports to improve their marketing abilities.

Furthermore, a few stakeholders indicated that expansion of eligibility criteria would foster airline growth, especially in terms of small and feeder airports. In terms of how eligible airports would benefit, stakeholders predicted that the expansion of eligibility criteria (with appropriate funding) would create more financially viable and safer airports.

It should be noted that almost all of the stakeholders were cautious because the expansion of eligibility criteria without the investment of more funds into the program would reduce the effectiveness of the program and create more problems rather than solutions. The evaluation found that due to the limited amount of funding available it would not be feasible to expand the program eligibility criteria. The evaluation agrees with stakeholders that without the investment of more funds, the quality of the program would be reduced and more problems rather than solutions created. Furthermore, the objective of ACAP is to enhance and maintain safety at eligible airports and not assist airport expansion or aid in helping airports improve their marketing abilities.

Recommendation:

- **P&D should eliminate priority 3 and 4 projects from the program eligibility criteria given the limited resources, and their limited funding in the past.**

4.3 Is the current cost-sharing formula appropriate?

> **Key Finding: There is some support for increasing cost sharing for airports with passenger levels exceeding 200,000 and increasing cost sharing for priority 3 and 4 projects. There is less support for requiring all airports to cost share.** [3]

The evaluation found that there is support from airport operators, stakeholders, and program staff for amending the cost-sharing formula to increase the percentage contribution of airports that have more than 200,000 enplaned/deplaned passengers. Approximately 42% of airport operators indicated they support that ACAP should amend the cost-sharing formula to increase the

[3] Refer to Table 1 for cost-sharing formula.

percentage contribution of airports that have more than 200,000 enplaned/deplaned passengers. In addition, TC program staff felt that as the number of passengers increase so should the percentage contribution for airports i.e. for airports with 200,000 passengers, the contribution percentage should be 20%; for those with 250,000 the contribution percentage should be 25% and so forth. The evaluation found that a majority of stakeholders were generally accepting of amending the cost sharing formula to increase the percentage portion for larger airports (i.e. larger, more financially stable airports with more traffic contribute more). However the stakeholders expressed some reservations about using enplaned/deplaned passenger numbers as a measure of airport size. It should be noted that in 2000, only three ACAP-eligible airports had in excess of 200,000 enplaned/deplaned passengers, since at the time of implementation of the NAP, airports having more than 200,000 passengers were categorized as NAS airports and NAS airports are not eligible for ACAP. As such, the impact of increasing the amount that airports with more than 200,000 passengers are required to cost share would not be significant. Nevertheless, given the support for this option and the expected financial stability of these airports, the evaluation determined that there was merit in examining this option.

When asked about the cost sharing arrangements of priority 3 and 4 projects, 56% of airport operators supported the idea that ACAP should maintain the current cost sharing formula for priority 1 and 2 projects but increase the percentage that the airports are required to contribute to priority 3 and 4 projects. Some stakeholders also appeared to be open to an increase in the proportion for these priorities. Should the program decide not to eliminate priority 3 and 4 projects from eligibility, it is strongly recommended that program management consider increasing the percentage that airports are required to cost-share for these types of projects. This would encourage the allocation of ACAP resources to a higher number of eligible airports.

The evaluation asked whether ACAP should require all applicants to cost share regardless of level of traffic. There was support from most program staff, but a strong objection from airports operators concerning the option of airports contributing something for all projects. A total of 70% of airport operators opposed requiring all airports to contribute for all projects. This finding is not surprising given the fact that 78% of airport operators in the survey currently do not cost share for priority 1, 2 and 3 projects. Some stakeholders did not welcome the idea that ACAP should increase the percentage that airports are required to contribute for all projects. In addition, stakeholders felt that this would put the smaller airports with little traffic at an extreme disadvantage.

The evaluation determined that P&D should consider the option of making all airports cost share a portion for all projects, as this would yield many positive results. These are as follows:

- It would result in more cost-effective projects being submitted because airport owners would be more committed to keeping costs down;
- It would result in airport operators being more accountable and encourage them to plan; and
- It would allow ACAP to fund more projects, thereby having a greater impact on aerodrome safety throughout Canada.

Recommendations:

- **P&D should amend the cost sharing formula to increase the percentage contribution of airports that have more than 200,000 enplaned/deplaned passengers.**
- **Should the program decide not to eliminate priority 3 and 4 projects from eligibility, it is strongly recommended that program management consider increasing the percentage that airports are required to cost-share for these types of projects.**
- **P&D should make all airports contribute a portion to all projects regardless of traffic level.**

4.4 Is ACAP information and administration of the program effective?

Key Finding: Airports are very satisfied with information and assistance from TC, while stakeholders are moderately satisfied.

Nearly three quarters of airport operators (72%) indicated they were very satisfied with the assistance that TC ACAP staff provides and found that ACAP booklet was readily available, straightforward, and clear. Close to two-thirds of airport operators (59%) were satisfied with the level of communication by TC.

However, stakeholders were divided about their level of communication and interaction with TC program staff. On the one hand, several respondents felt that the TC program staff provided the required information in a timely manner. On the other hand, some respondents stated that ACAP appeared to be understaffed, and it was difficult to have questions answered or calls and emails returned. Generally, stakeholders were satisfied with ACAP's proactive communications (pamphlets, World Wide Web sites, etc.) but only moderately satisfied with reactive communications (answering inquiries, responding to calls and emails, etc.) where some stakeholders indicated improvements could be made.

Most of the stakeholders interviewed do not participate in the ACAP application and decision-making process. As a result, a number of stakeholders could not provide comments about the application process based on first hand experience. Most stakeholders who did provide comments appear to be satisfied with overall program delivery. As an example, one respondent offered, "we believe that the application process is fair and certainly the support we have been given from TC has been excellent. Some respondents elected to provide anecdotal evidence based on comments from those who submitted an application. A few stakeholders who provided comments about ACAP application process indicated that the application process was helpful and adequate especially for the airports that qualify for funding. However, some respondents expressed concerns that there was unnecessary work going into the application process that slowed it down and mentioned the need to minimize the amount of money that needed to go into ACAP applications to allow these funds to be better spent by already cash-strapped airports. The cost associated with ACAP applications may either drain valuable financial resources from smaller airports or prevent the airports that need the money the most from applying at all.

Stakeholders do offer solutions for improving the application process such as changing it to a two-phased approach. The evaluation team noted that there currently exists an informal two-step application approach whereby applicants are encouraged to discuss their requests for funding with regional officials before formally submitting their applications. However, the informal discussions focus on whether the project is eligible for ACAP funding, not on the likelihood of it actually receiving funding in the upcoming year. Because of increased demand on ACAP, a number of projects that are eligible for ACAP have not been funded when submitted, but rather have been placed on a "reserve list" of qualified projects for future funding consideration. Some of these projects have remained on the reserve list for several years. In order to address airports' complaints that they are making significant investments of time and money to prepare ACAP applications for projects that are not being funded, stakeholders propose a formal two-phase process whereby applicants submit a general outline for a project with a cost estimate which TC staff review to determine whether the project would be eligible, and its likelihood of being funded in the upcoming year. Airports would then only prepare a full application, with detailed design and costing for those projects TC indicates have a high likelihood of being funded

Recommendation:

- **P&D should formalize a two-phased application process.**

4.5 Is the current decision-making process the most effective method?

> **Key Finding: The evaluation found that both the airport operators and stakeholders are dissatisfied with the decision-making process. Stakeholders and airport operators express concerns about transparency and potential regional and political biases. The evaluation team found little evidence of the existence of these biases, however they did find that inconsistencies in processes could have created these perceptions.**

A total of 58% of airport operators indicated they felt that the decision-making process lacked openness and was highly political. Some respondent's felt that decisions were regionally biased and approval of some projects seemed to be based on sharing funding among regions and applicants rather than on project requirements or other justifications. Some airport respondents felt that project approvals and application requirements varied between regions. A total of 59% of airport operators stated that the decision-making process was not transparent or fair. Some respondents felt that there was very little communication and information on TC's priority settings to determine funding of approved projects.

Some stakeholders felt that the application process varied from region to region and would like to see more consistency to minimize regional influences. Several stakeholders perceived the ACAP management process as regionally biased. A few stakeholders felt that the program lacked consistency, for instance, projects that were considered eligible in one region were not funded in another region. They also had concerns that priority 1 projects would not get funded in one region, whereas priority 3 or 4 projects would get funded in another region. Some respondents felt that there was a huge discrepancy depending on where you were located and who your program officer was.

Many stakeholders expressed their concerns about the openness of ACAP management process. Some of the stakeholders interviewed stated that the funding decisions seemed to be consistent with what was politically advantageous for the Minister and government. A few stakeholders felt that political interests command the entire process, particularly the timing of announcements. Some respondents also noted that the Minister of Transport had failed to recognize their needs, and did not understand the priorities of the airline industry. Some respondents' concerns about political biases appeared to have prompted them to feel that the decision-making process "shouldn't be in the hands of TC." One respondent felt that there should be a Canadian transportation agency, an independent body that could look at each and every application based on criteria that was not set up by TC and this agency should have the authority to approve projects.

In contrast, several regional representatives interviewed identified openness, transparency and national consistency as strengths of the program. However, they did mention that in some regions, regional ACAP staff were telling applicants not to bother putting in applications for priority 3 and 4 projects, as discussed earlier in the report.

The evaluation team found little evidence that the decision-making process is regionally and politically biased. This perception of regional bias may have occurred as a result of the fact that ACAP does not officially release a full list of airports that receive ACAP funding. This requires stakeholders to obtain their information from a number of separate announcements and rumours. The previous evaluation recommended that the objectivity and transparency of ACAP decision-making process could be enhanced if P&D published annually a list of ACAP-funded projects and distributed this list to ACAP-eligible airports, regional and national stakeholder organizations and provincial/territorial government officials. The fact that this was not done may have contributed to creating a negative perception of the program. The evaluation found that the sharing of information about ACAP projects and operations with regional and national stakeholder organizations and provincial/territorial government officials would increase general understanding of where the funds are being allocated and, in turn, would help remove the perceived regional bias and secrecy related to ACAP. The evaluation team noted that for 2004-05, ACAP implemented a new announcement process to address this issue. For the first time, the Minister announced all projects at once.

The inconsistent relaying of information among all participants of ACAP may have created the perception that ACAP is regionally and politically biased. Airport operators and stakeholders indicated that information on the progress of submissions was not shared with applicants and that there was very little feedback on a formal basis once they forward their application. In addition, stakeholders and operators felt they were left guessing as to why certain projects were funded and not others. Stakeholders and operators felt that TC did not clearly inform or provide justifications for funding allocations. This raised suspicions amongst stakeholders and airport operators that the department may have something to hide.

> **Key Finding: The evaluation found that airport operators, stakeholders, and TC staff all express a strong dissatisfaction with the timeliness of ACAP decision announcements.**

A large majority (68%) of airport operators displayed a strong dissatisfaction with the timeliness of decisions on project approvals and their views were echoed by the stakeholders interviewed. Several noted the importance of timely decisions, as delays result in construction being pushed out a year, particularly in remote communities where the construction season is very short.

Respondents felt that announcements should be made following decisions, not when the Minister of Transport found the opportunity. Stakeholders requested more transparency in the decision-making process in terms of timing, and would like for one announcement or document to be released indicating ACAP funding allotments for that year. This would also assist airports by allowing those who did not receive money in proceeding with their own fundraising strategies as soon as possible. Program staff also indicated they believe that an improvement needed to be made with timelines for announcing decisions.

Despite airport operators perceptions that timeliness of decision–making is a problem, the evaluation team found that the problem is one of delays in announcements. Although funding decisions were made early in February, announcements of projects funded were often delayed due to the press release process and sometimes only made several months later. This process was changed in 2004-05 when a national press release was distributed in early February when decisions were made, in order to allow agreements to be signed with the airports. This will be followed by regional press releases, or events that may involve the Minister. The evaluation team noted that the implementation of this new announcement process should go a long way toward addressing the timeliness issues identified by the evaluation.

Recommendations:

- **P&D should modify its communication process to improve the transparency of the decision-making process as follows:**
  - **continue to release a complete list of all projects that receive ACAP funding as soon as decisions are made, as was done in 2004-05;**
  - **provide formal feedback to airports about why their applications were not funded for the current year; and**
  - **provide additional information with respect to the decision-making process including details about criteria used.**
- **P&D may also want to consider increasing consultations with stakeholders and airport operators, as those stakeholders who mentioned that they were consulted during the decision-making process appear to be more satisfied with the program.**

4.6 Are the current roles and responsibilities appropriate?

> **Key Finding: The evaluation found that the current distribution of roles and responsibilities between regions and headquarters is appropriate and working well.**

Most program delivery activities are carried out regionally, while HQ is responsible for program policies and funding. The evaluation found that support from HQ is well received by all regions and that the current structure works well. They are pleased with the frequent conference calls and the bi-annual meetings. All regions indicated that HQ was playing a positive role of providing advice and guidance and decisions were made collectively as a group rather than being forced down by HQ. While regions recognized that improvements have been made, some regions felt that HQ could take a stronger role in ensuring national consistency and more initiative in the coordination of issues to be addressed and interpretations.

4.7 Is the current funding mechanism an appropriate method of allocating funds?

Key Finding: The evaluation found that the airport operators are unhappy with the current funding mechanism, but offer no viable alternate options.

The evaluation explored airport operator views and attitudes about funding mechanisms including:

- The current mechanism based on project applications and project-specific contributions mainly for safety related projects.
- A funding mechanism based on all capital priorities instead of safety related needs.
- A funding mechanism based on shared federal, provincial and municipal funding for needed capital projects (for example one third from each level of government, like the former federal Infrastructure Works Program.)

A total of 54% of respondents disagreed with the current funding approach, 62% of respondents disagree with funding based on all capital priorities instead of safety related needs, and 69% of respondents disagreed with shared federal, provincial and municipal funding for needed capital projects. Comments around these statistics indicated that some airport operators felt that the current funding system was too much like a lottery and would like to see the removal of the "game of chance" nature from the submission acceptance process. Others felt that funding should also be available for projects other than those that are safety related, which they felt was particularly necessary for smaller airports to maintain their infrastructure. These issues have been addressed in previous sections of this report.

Some stakeholders suggested that a national stakeholders committee should make decisions on allocation of funding rather than the current TC funding approach. For accountability reasons, the allocation of funding should remain with TC although additional consultation with stakeholders to increase transparency is encouraged.

Some program staff suggested that there should be a fixed amount per region. This approach is not endorsed because of the cyclical nature of infrastructure needs, potential changes to the number of eligible airports in each region and the varying abilities of airports to pay for capital projects.

Recommendation:

- **The current funding mechanism to ACAP should be maintained because of its strong safety emphasis.**

5.0 FUTURE DEMAND

5.1 What is the future demand for ACAP funds?

> **Key Finding: The evaluation estimated the future demand of ACAP, excluding AEIS, for the period 2004-05 to 2008-09 at approximately $237 million based on the current program design. Given the current funding of $175 million for the same period, it is expected that there will not be sufficient funding to meet the forecast demand unless there are changes to the program design. Some options for program changes, based on recommendations previously made in this report, and their impact are discussed in this section.**

As indicated in section 1 of this report, this evaluation was conducted in the fourth, rather than the fifth year before program renewal because ACAP staff had concerns about the program running out of funds. They indicated that the demand for ACAP had been increasing over the past several years. They attributed this to several factors:

- More airports have been transferred by TC and therefore are eligible for ACAP.
- More airports have been transferred for a longer period of time and have had the time to prepare capital plans.
- Airports are more aware of ACAP.
- Consultants are marketing their services for the preparation of ACAP applications.
- TC raised client expectations in 1996 when the program was changed to add potential additional projects (priorities 3 and 4) that the department would fund.
- Changes to minimal standards as a result of new regulations.

It is interesting to note that the additional projects referred to in fifth bullet were added because the program was undersubscribed in the early years of the program, while survey respondents now indicate that they do not always apply for ACAP because they feel the program is now oversubscribed and that additional funding is required.

The evaluation team developed a database of ACAP future demand to verify program staff and airports' views that ACAP funding was inadequate. The database was developed mainly based on survey responses and airport capital plans. This information was then verified by ACAP managers to ensure the projects identified by airports were eligible for ACAP, and that the timeframes were appropriate. Adjustments to the database were made as required based on the results of this review. For airports for which information was not available, averages were used based on similar size and located airports. In addition, TC managers provided information on projected capital projects for airports yet to be transferred.

From this database, the evaluation team was able to calculate a preliminary forecast of future demand by priority of project and by year. These amounts were then discounted by 25 percent based on past TC experience with capital funding programs for airports. This discount is based on two factors:

- Actual project costs are typically less than the initial estimated costs after competitive tendering; and

- A percentage of projects do not get implemented in any given year for various reasons. These reasons include cancellation or deferral of the project by the applicant, determination that the project was not needed or that the project was not eligible for the particular program after a detailed review is conducted.

It should be noted that the 25 percent discount factor had been used in the previous evaluation. The 2000 evaluation determined that $187 million (after discount) was the approximate future demand for ACAP during the period 2000-01 to 2004-05. ACAP expenditures during this period are expected to be approximately equal to this estimate based on the actual expenditures for the first three years ($114 million) and the forecast for the final two years of this period ($61 million). The evaluation team examined several factors to determine whether this factor should be used again. They are:

- The non-funding of priority 3 and 4 projects and the communication to airports in some regions to not put forward applications for these project priorities, may have lowered demand.
- At the time of the last evaluation, 194 airports were eligible for ACAP and it was expected that an additional 20 would be eligible following TC divestiture. At the time of this evaluation 184 airports were eligible and a further six would be eligible following divestiture. Several factors influence the number of airports that are eligible including the economy and the number of scheduled flights.

While the evaluation team chose to continue using a 25 percent discount factor because it did not feel that the impact of the above factors would make a significant difference, it does caution program management that the future demand forecasts discussed in this section are only indicative estimates. For example, the base future demand displayed in Table 11 below would shift by $15 million were the discount factor adjusted by 5%. The fact that the future demand figures are estimates should be taken into consideration in future program decisions.

After allowing for the 25 percent discount, the evaluation forecasts a future demand of $239 million for the period 2004-05 to 2008-09 as displayed in Table 11.

Table 11: Forecast ACAP Future Demand by Priority and Year

	2004-2005 ($M)	2005-2006 ($M)	2006-2007 ($M)	2007-2008 ($M)	2008-2009 ($M)	TOTAL ($M)
Priority 1	$44.0	$50.2	$34.2	$20.1	$39.4	$187.9
Priority 2	$9.0	$9.3	$5.4	$3.7	$5.9	$33.3
Priority 3	$1.0	$1.6	$0.8	$0.1	$0	$3.5
Priority 4	$2.1	$5.8	$4.0	$0.4	$0.5	$12.8
Sub-total Priorities 1-4	$56.1	$66.9	$44.4	$24.3	$45.7	$237.5
AEIS	$1.3	$0.0	$0.2	$0.0	$0.3	$1.7
TOTAL	**$57.4**	**$66.9**	**$44.6**	**$24.3**	**$46.0**	**$239.2**

As with the previous evaluation, airport operators identified more capital project needs in the first part of the five-year study period. While the demand for 2004-05 is $57 million, TC ACAP staff have already made their project funding decisions for this year at an amount of $27 million. They believe that all urgent safety-related projects have been funded. As discussed previously in this report the airports have a different view of the meaning of urgent safety project. The differences centre around the timing of the project. ACAP staff believe that many projects which the airports identify for funding in a particular year can be deferred to a later year without a safety impact. The evaluation team therefore believes that program management should focus their decision-making on the total forecast demand over the five-year period, rather than on a particular year.

The above table also shows that the vast majority of projects being forecast are for priority 1 and 2 projects – those that directly relate to safety. The future demand forecast supports the findings previously identified in this report that ACAP is a safety-focused program. Table 12 also shows that the future demand for AEIS as $1.7 million over the full five-year period. This is quite low given the $15 million set aside in the program for capital costs associated with this regulation. Given the delays in implementing CARs 308[4], this number could underestimate future demand if ACAP-eligible airports are not aware that these costs are ACAP eligible. However, since AEIS is managed as a separate $15 million fund, the impact if AEIS costs are underestimated is not significant.

At P&D's request, the evaluation team calculated that portion of the estimated future demand that related to projects for the 43 territorial airports, those located in Northwest Territories, Yukon, and Nunavut. The future demand for these are estimated at $74.5 million, approximately 31% of the full program demand for the 2004-05 to 2008-09 period. Of that amount, approximately $31 million relates to the airports of territorial capitals: Yellowknife has a demand of $10.6 million; Iqaluit, $20.5 million; and Whitehorse, $0.1 million. As territorial capitals, these three airports are also considered part of the National Airport System (NAS). While other NAS airports are not eligible for ACAP, the three territorial capitals were made eligible for ACAP because they are not owned by the federal government. Much of the remaining demand is accounted for by two non-NAS airports: Norman Wells ($9.3 million), and Rankin Inlet ($10 million). The other territorial airports all have scheduled passenger levels of less than 50,000 per year, and the average ACAP demand for those airports is $0.6 million each, for the five year period as a whole.

Based on the future demand forecast, it is clear that a small number of territorial airports will continue to account for a significant portion of ACAP demand until 2008-09. It should be noted that infrastructure projects, not only in the Territories but in northern Canada in general, have significantly higher costs because of the short construction season and the need to bring in machinery to undertake the projects. The evaluation team suggests that P&D may wish to pursue opportunities for funding through government initiatives with remote, territorial or northern objectives, should they present themselves, in order to relieve some pressure on the ACAP program.

It should be noted that new *Airport Wildlife Management and Planning Regulations* are currently being drafted. The regulations require that airport operators conduct a risk assessment, and create and implement an Airport Wildlife Management Plan. Compliance with the regulations will be required by January 2005. Airports are likely to be aware of the new regulations and to have included related capital improvements such as wildlife fencing in their future demand estimates. The forecast demand for wildlife fencing, and similar items, is $1.5 million per year for the 2004-05 to 2008-09 period. This is considerably higher than the average of $0.5 million per year that

[4] CARs 308 is the regulation that sets out new AEIS requirements for many regional airports.

was provided by ACAP for wildlife control measures in the previous 4 years. In 2004-05 there was forecast demand of $1.8 million for wildlife control fencing, but only $0.4 million in ACAP funding was provided. This may be because TC does not consider the fences as urgent safety-related investments. As discussed earlier in the report, there appears to be a lack of agreement on what is considered to be an urgent safety-related project, in particular with respect to wildlife fences. If, under the new regulations, airports identify wildlife fences as part of their Airport Wildlife Management Plan, then there will be pressure on ACAP to fund the required capital investment. This makes it all the more important that the definition of "urgent safety-related" be clarified by ACAP.

With ACAP forecasts, excluding AEIS, projected at $237 million, $62 million above the $175 million funding available for the program, program management must be prepared to consider options. While obtaining additional funding would be positive for the program, given the current climate, program management must be prepared to consider options for program re-design. The evaluation team therefore ran several future demand scenarios based on some of the recommendations made earlier in this report.

Table 12 – Cumulative Impact of Options if Implemented over the period 2004-05 to 2008-09 (Excluding AEIS)

Options	Estimated Future Demand ($M)	Impact of Options ($M)	Estimated Difference[1] ($M)
Status Quo	$237.5		$62.5
Eliminate Priority 4[2]	$225.4	$12.1	$50.4
Eliminate Priority 3	$221.8	$3.6	$46.8
All airports cost-share	$215.2	$6.6	$40.2
Increase all cost-sharing by 5%[3]	$210.7	$4.5	$35.7

[1] Based on a budget of $175 million over 5 years.
[2] Under this scenario, equipment shelters have been moved from priority 4 to priority 2.
[3] Airports would contribute from 5% to 20% of the project cost for priority 1 and 2 projects

As is evident from Table 12, the removal of priority 4 projects from eligibility would lower the future demand by approximately $12.1 million. Removal of priority 3 projects would lower it by a further estimated $3.6 million. This would result in a future demand of approximately $221.8 million. Should program management implement the recommendation to make all airports contribute a portion (5%) to all projects regardless of the level of traffic at the airport, an additional estimated $6.6 million reduction could be achieved. A further estimated $4.5 million reduction could be achieved by increasing the share of all airports by 5%.

With the implementation of the above program changes, the evaluation team estimates that forecast future demand would exceed approved funding by approximately $35.7 million. It may therefore be necessary for program management to redevelop their "capacity to pay" guidelines including the implementation of recommendations relating to increased cost sharing for airports with reserves. Further reductions to future demand could also be achieved by increasing the cost-share (beyond the 20% ceiling proposed in Table 12) for airports having enplaned/deplaned passenger levels over REMOVED ATIP

Recommendation:

- **P&D should eliminate priorities 3 and 4 and require all airports to cost share. They should also consider other measures to reduce future demand including increasing the percentage all airports are required to cost share by 5%, increasing the percentage airports with reserves are required to pay REMOVED ATIP**

6.0 ANNEXES

Annex 1: Survey instrument

Official Transport Canada Survey

Airports Capital Assistance Program (ACAP)
Airport Operator Survey

COMPAS Inc.
Public Opinion and Customer Research

Airports Capital Assistance Program (ACAP)

Airport Operators Survey

What is this survey about?

This survey is about the Airports Capital Assistance Program (ACAP), the program to assist eligible airports in financing capital projects related to safety, asset protection and operating cost reduction. COMPAS, the national public opinion research firm has been asked by Transport Canada to survey eligible airports for your thoughts on the program. Your responses will help to improve the quality of the ACAP program.

We have included a booklet "ACAP Information to Program Applicants" in your survey package should you wish additional details on the program.

Capital projects related to safety, asset protection and operating cost reduction are defined in the table below.

Priority	Description
Priority 1	Safety-related airside projects such as rehabilitation of runways, taxiways, aprons, associated lighting, visual aids, sand storage sheds, utilities to service eligible items, related site preparation costs including directly associated environmental costs, equipment and equipment shelters which are necessary to maintain the airport's level of Aircraft Firefighting Services or Aircraft Emergency Intervention Services protection as required by regulation.
Priority 2	Heavy airside mobile equipment (safety related) such as runway snow blowers, runway snowplows, runway sweepers, spreaders, winter friction testing devices.
Priority 3	Air terminal building/groundside safety related – such as sprinkler systems, asbestos removal, barrier-free access.
Priority 4	Asset protection/refurbishing/relifing or operating cost reduction - air terminal building, groundside access. Heavy airside mobile equipment shelters.

Who is answering this survey?

This survey is being sent to a representative sample of airports across Canada that are eligible to receive ACAP.

Instructions for completing the survey

Please follow the instructions in the survey for circling a number or checking a response. We also encourage you to express the reasons for your agreement or disagreement with any statements after the specific question.

You may direct any questions about this survey to Conrad Winn at cwinn@compas.ca.

Thank you for your participation!

PART I – Program Evaluation

Program Information and Administration

(Q1) Overall how satisfied are you with the information you received about the Airports Capital Assistance Program (ACAP). Please use a 5-point scale where 1 means very dissatisfied and 5 means very satisfied.

Very Dissatisfied 1	2	Neutral 3	4	Very Satisfied 5
1	2	3	4	5

(Q2) The following is a list of features of the ACAP information booklet. For each feature, please indicate the extent to which you were satisfied or dissatisfied using a 5-point scale where 1 means very dissatisfied and 5 means very satisfied. (Please circle one response for each statement).

Ease of understanding information in ACAP booklet regarding:	Very Dissatisfied 1	2	Neutral 3	4	Very Satisfied 5
a. Eligible applicants (p. 1)	1	2	3	4	5
b. Eligible airports (p. 1)	1	2	3	4	5
c. Eligible projects (p. 2)	1	2	3	4	5
d. Evaluation criteria (p. 3)	1	2	3	4	5
e. Cost-sharing (p. 4)	1	2	3	4	5
f. Application process (pp. 4 - 5)	1	2	3	4	5
g. Approval process (p. 7)	1	2	3	4	5
h. Contribution Agreement (p. 8)	1	2	3	4	5
i. Payment schedule (p. 9)	1	2	3	4	5

Ease of fulfilling information requirements in ACAP booklet regarding:	Very Dissatisfied 1	2	Neutral 3	4	Very Satisfied 5
j. Airport related information (p. 5)	1	2	3	4	5
k. Project specific information (p. 6)	1	2	3	4	5
l. Environment (p. 6)	1	2	3	4	5

(Q3) Now turning to the ACAP program itself, to what extent are you satisfied or dissatisfied with the program? Please use a 5-point scale where 1 means very dissatisfied and 5 means very satisfied.

Very Dissatisfied 1	2	Neutral 3	4	Very Satisfied 5
1	2	3	4	5

(Q4) And how satisfied are you with the following aspects of the ACAP program? Please use a 5-point scale where 1 means very dissatisfied and 5 means very satisfied.

Timeliness regarding:	Very Dissatisfied 1	2	Neutral 3	4	Very Satisfied 5
a. Decisions on project approval	1	2	3	4	5
b. Receiving ACAP contribution	1	2	3	4	5

Decision-making process in terms of:	Very Dissatisfied 1	2	Neutral 3	4	Very Satisfied 5
c. Openness	1	2	3	4	5
d. Transparency	1	2	3	4	5
e. Fairness	1	2	3	4	5
f. Non-partisan	1	2	3	4	5

Program Criteria and Approach

Service level:	Very Dissatisfied 1	2	Neutral 3	4	Very Satisfied 5
g. Assistance from TC ACAP staff	1	2	3	4	5
h. Level of communication by TC					
If you are dissatisfied with any of the above mentioned items (any scale ratings of 1 or 2) please identify the items and briefly explain why.					

(Q5) The following is a list of existing ACAP airport eligibility criteria. Please rate each one using a 5-point scale where 1 means that the criteria is not at all appropriate and 5 means that the criteria is very appropriate. (Please circle one response for each statement).

The airport eligibility criteria stating airports must:	Not at all Appropriate 1	2	Neutral 3	4	Very Appropriate 5
a. be certified	1	2	3	4	5
b. receive regularly scheduled passenger service	1	2	3	4	5
c. receive a minimum of 1000 regularly scheduled passengers per year.	1	2	3	4	5
d. be unable to finance the project	1	2	3	4	5

(Q6) Using the same scale, please rate the following list of ACAP project eligibility criteria.

The project eligibility criteria stating projects must:	Not at all Appropriate 1	2	Neutral 3	4	Very Appropriate 5
a. be essential to maintain or improve safety, protect the asset or reduce operating costs	1	2	3	4	5
b. meet accepted engineering practices	1	2	3	4	5
c. be justified on the basis of current demand	1	2	3	4	5

(Q7A) With respect to airport criteria stating “airports must be unable to finance the project,” please indicate the extent to which it was difficult or easy for your airport to submit the required supporting evidence as described in the ACAP Applicants booklet (Page 5) - “audited financial statements for the airport for the past three years.”

Very Difficult 1	2	Neutral 3	4	Very Easy 5
1	2	3	4	5

(Q7B) If you answered 1 or 2 in Q7A, please briefly explain any difficulties that you may have encountered.

(Q8A) There are some possible alternative approaches to ACAP for funding capital projects for eligible airports. To what extent do you agree or disagree with the following alternative approaches for Transport Canada to provide capital funding to ACAP eligible airports?
(Please circle one response for each statement)

Alternative approaches	Strongly Disagree 1	2	Neutral 3	4	Strongly Agree 5
a. The current ACAP approach based on project applications and project-specific contributions mainly for safety-related capital projects.	1	2	3	4	5
b. Shared federal, provincial and municipal funding for needed capital projects (for example one third from each level of government, like the former federal Infrastructure Works Program)	1	2	3	4	5
c. Funding based on all capital priorities instead of safety related needs	1	2	3	4	5
d. Do you have any other suggestions for alternative approaches? If so, please describe.					

(Q8B) If you rate any of the alternative approaches as a 4 or 5 please briefly explain why?

Cost-Sharing Issues

(Q9) Please identify which level of annual passenger activity applies to your airport:

Annual passenger activity levels	
Annual passenger activity level less than 50,000 Enplaned/Deplaned passengers	
Annual passenger activity level between 50,000 and 100,000 Enplaned/Deplaned passengers	
Annual passenger activity level between 100,000 and 150,000 Enplaned/ Deplaned passengers	
Annual passenger activity level between 150,000 and 200,000 Enplaned/ Deplaned passengers	
Annual passenger activity level greater than 200,000 Enplaned/Deplaned passengers	

(Q10) Currently, ACAP funds projects using a cost-sharing formula that requires the applicant to contribute towards the projects according to the following table:

Scheduled Commercial Passengers	Priority 1, 2 and 3 projects	AEI projects required by CARs 308	Priority 4 projects
Greater than 150,000	15%	0%	50%
100,000 – 149,999	10%	0%	50%
50,000 – 99,999	5%	0%	50%
Less than 49,999	0%	0%	50%

(Q10 continued on next page)Given the current limit of funding available to ACAP, please indicate the extent to which you agree or disagree with the suggested options for changes to the program provided below.
(Please circle one response for each statement)

Given the current limit of funding available to ACAP:	Strongly Disagree 1	 2	Neutral 3	 4	Strongly Agree 5
a. ACAP should discontinue funding priority 3 and 4 projects.	1	2	3	4	5
b. ACAP should maintain the current cost-sharing formula for priority 1 and 2 projects but increase the percentage that airports are required to contribute for priority 3 and 4 projects.	1	2	3	4	5
c. ACAP should increase the percentage that airports are required to contribute for all projects.	1	2	3	4	5
d. ACAP should discontinue funding priority 3 and 4 projects AND increase the percentage that airports are required to contribute for the remaining projects.	1	2	3	4	5
e. ACAP should discontinue funding priority 4 projects AND increase the percentage that airports are required to contribute for the remaining projects.	1	2	3	4	5
f. ACAP should amend the cost-sharing formula to increase the percentage that airports having more than 200,000 enplaned/deplaned passengers are required to contribute.	1	2	3	4	5

Safety related Issues

(Q11) How important has ACAP been in enhancing or maintaining the level of safety at your airport? (Please circle one response)

Very Unimportant 1	2	Neutral 3	4	Very Important 5
1	2	3	4	5

(Q12A) Please indicate your level of agreement with the following statement. "ACAP has helped finance all urgent capital projects." (Please circle one response)

Strongly Disagree 1	2	Neutral 3	4	Strongly Agree 5
1	2	3	4	5

(Q12B) If you disagree with the statement in question Q12A (either a scale rating of either 1 or 2) please identify and describe which urgent capital project(s) have not been covered by ACAP.

Description of Project	Approximate $ (in Millions)	Whether Airport undertook project (circle appropriate answer)
		Yes / No
		Yes / No
		Yes / No

(Q13A) In your opinion, were there any safety related incidents at your airport as a result of ACAP eligible projects not being funded?

Yes	No

(Q13B) If yes, please provide details.

Description of incident	Year of incident	Description of ACAP project for which funding was requested	Year of application

Sources of Funding

(Q14) The following is a list of possible sources of funding to finance ACAP eligible capital projects required by the airport. Please rate the importance of each source using a 5-point scale where 1 is very unimportant and 5 is very important. (Please circle the one response for each statement)

Sources of Funding	Very Unimportant 1	2	Neutral 3	4	Very Important 5
a. Capital reserves	1	2	3	4	5
b. Special fees or charges	1	2	3	4	5
c. Regular budget allocations	1	2	3	4	5
d. Municipal government	1	2	3	4	5
e. Provincial government	1	2	3	4	5

f. Federal government – ACAP	1	2	3	4	5
g. Federal government – other programs	1	2	3	4	5
If you have indicated that government(s) will be an important source of funds, please indicate any specific sources/ programs from which you expect to receive funds, other than ACAP?					

(Q15) Turning now to projects which have been undertaken without ACAP assistance…

a. Please list the projects undertaken for the fiscal years 2000-01, 2001-02 and 2002-03 for which your airport applied for ACAP funding but ACAP funding was not received. Please indicate the priority level of the project, the value of the project, the reason why the project was undertaken, and the funding source using the coding scheme shown in the table below.

Brief Description of project	**Priority 1, 2, 3 or 4**	**Approximate $ (in Millions)**	**Reason project was undertaken even though ACAP funding not received**	**Principle funding source used to undertake project A – capital reserves B - loan C – special fees or charges D – municipal government E – provincial government F – federal government G – other (please specify)**

b. Please list the projects for the fiscal years 2000-01, 2001-02 and 2002-03 undertaken for which your airport did not apply for ACAP funding. Please indicate the priority level of the project, the value of the project, the reason why the airport did not apply for ACAP funding, and the funding source using the coding scheme shown in the table below.

Brief Description of project	**Priority 1, 2, 3 or 4**	**Approximate $ (in Millions)**	**Reason airport did not apply for ACAP funding**	**Principle funding source used to undertake project A – capital reserves B - loan C – special fees or charges D – municipal government E – provincial government F – federal government G – other (please specify)**

c. If, in a or b above, you identified the funding source for any project as either a provincial or federal government, please specify the name of the funding program of the municipality or province.

Project	Name of funding program of the municipality or province

Airport Characteristics

And now for statistical purposes…

(Q16) Over the last three years (1999-2002), approximately what percentage of passengers has used your airport to travel to and from a National Airport System (NAS) airport? Please see attached list of NAS Airports.

(Q17) In 2002, approximately what proportion of the airport activity (aircraft movement) does the following represent?

Scheduled traffic	
Cargo/Freight	
Other (e.g. Charter)	

(Q18) From your annual budget (excluding ACAP), approximately what percentage do you allocate to each of the following costs?

Operating and Maintenance	
Capital	
Salary and benefits	
Other	

(Q19) On average, approximately what percentage of the overall capital expenditure budget (excluding ACAP) is allocated annually to each of the following types of projects excluding ACAP?

	Percentage of overall capital expenditure
ACAP Eligible Projects	
a. Airside safety-related projects (e.g. runway rehabilitation)	
b. Airside mobile equipment (e.g. snow blower)	
c. Air terminal building/groundside safety – related (e.g. sprinkler system)	
d. Asset protection or operating cost reduction (e.g. ATB and groundside access related projects)	
Non ACAP Eligible projects	

(Q20) Who owns the airport?

Provincial government	
Municipal government	
Privately owned	
Other (please specify)	

THANK YOU FOR COMPLETING PART I OF THE SURVEY.
PLEASE CONTINUE TO PART II ON FUTURE DEMAND.

NATIONAL AIRPORT SYSTEM (NAS) AIRPORTS

The NAS comprises 26 airports that link the country from coast to coast and internationally. The NAS includes those airports considered essential to Canada's air transportation system, supporting both domestic prosperity and international competitiveness. The NAS airports are:

British Columbia
Kelowna
Prince George
Vancouver
Victoria

Alberta
Calgary
Edmonton

Saskatchewan
Regina
Saskatoon

Manitoba
Winnipeg

Ontario
London
Ottawa
Thunder Bay
Toronto

Québec
Montréal Dorval
Montréal Mirabel
Québec

New Brunswick
Fredericton
Moncton
Saint John

Nova Scotia
Halifax

Prince Edward Island
Charlottetown

Newfoundland
Gander
St. John's

Nunavut
Iqualuit

Northwest Territories
Yellowknife

Yukon Territory
Whitehorse

PART II – Future Demand for ACAP

Using the instructions below, please complete the table on the next page to help Transport Canada estimate the future demands on ACAP over the 2004-2009 period. Please note that Transport Canada will be granted access to your individual responses in the table on the next page in order to perform an analysis of future demand of the program. Please be assured that your response to this section on future demand (Part II) will NOT be linked to your confidential responses to the program evaluation (Part I). Please also be assured that your responses to this question will not have an impact on any ACAP applications currently under review, nor any future applications.

- Project description – If you have more than one expenditure of the same type, please identify each one on a separate line (e.g. Runway "X" upgrade, Runway "Y" resurface)
- Type of expenditure **-** Please indicate whether a particular project is a repair (**R**), upgrade (**U**) or New Item (**N**).
- Please refer to page 1 of this questionnaire for a definition of the ACAP priorities
- Years
  - Please use the fiscal year from April 1 to March 31 in which the funds would be expended. If uncertain, please estimate. If a project would cover two fiscal years, please split the funding appropriately.
  - For each, please identify
  - Your airport's planned major capital expenditures (i.e. over $100,000) over this time frame and
  - Your airport's ACAP eligible expenditures over this time frame.
  - If you do not identify any projects in a year, please indicate **for each year** either:
  - NA – no projects anticipated.
  - NNI – needs not identifiable.

The examples below identify:

- a new Precision Approach Path Indicator in 2005/06; and
- no projects required – for 2004-05 to 2006-07, the airport has identified that no projects are anticipated; for 2007-08 and 2008-09, the airport is unable to identify at this time.

If you need more lines, please photocopy the additional pages as necessary.

	Type	ACAP Priority	2004-2005		2005-2006		2006-2007		2007-2008		2008-2009	
Project Description	**Repair (R) Upgrade (U) New Item (N)**	**1 to 4**	**Cost ($000)**	**ACAP Eligible Costs ($000)**	**Cost ($000)**	**ACAP Eligible Costs ($000)**	**Cost ($000)**	**ACAP Eligible Costs ($000)**	**Cost ($000)**	**ACAP Eligible Costs ($000)**	**Cost ($000)**	**ACAP Eligible Costs ($000)**
Example – Precision Approach Path Indicator	**N**	***1***			***2,000***	***2,000***						
Example – No Projects			***NA***		***NA***		***NA***		***NNI***		***NNI***	

Thank you once again for your participation!

Annex 2: Airports in Survey Sample

Alberta
Cold Lake
Edmonton (City Centre)
Fort Chipewyan
Grande Prairie
High Level
Peace River

British Columbia
Abbotsford
Bella Coola
Crambrook
Fort Nelson
Kamloops
Powell River
Prince Rupert
Quesnel
Smithers

Manitoba
Berens River
Bloodvein River
Brandon
Cross Lake
Gillam
Gods Lake Narrows
Island Lake (Garden Hill)
Lynn Lake
Pukatawagan
Red Sucker Lake
Swan River
Tadoule Lake
The Pas
Thompson

New Brunswick
Bathurst
St. Leonard

Newfoundland
Deer Lake
Stephenville

Nova Scotia
Sydney

North West Territories
Aklavik
Deliné
Fort Simpson
Holman Island
Inuvik
Lutselk'e
Norman Wells
Sachs Harbour
Tuktoyatuk
Wha Ti (Lac la Martre)
Yellowknife

Nunavut
Arviat
Baker Lake
Cape Dorset
Chesterfield Inlet
Coral Harbour
Gjoa Haven
Igloolik
Iqaluit
Kimmirut (Lake Harbour)
Kugaaruk (Pelly Bay)
Nanisivik
Pangnirtung
Rankin Inlet
Repulse Bay
Taloyoak
Whale Cove

Saskatchewan
Fond-du-Lac
La Ronge
Points North Landing
Prince Albert
Stony Rapids

Yukon
Dawson City
Whitehorse

Ontario
Angling Lake (Wapakeka)
Attawapiskat
Bearskin Lake
Big Trout Lake
Dryden
Fort Albany
Fort Hope
Fort Severn
Kashechewan
Keewaywin
Kingston
Moosonee
Muskrat Dam
Nakina
Peawanuck
Pelle Island
Pickle Lake
Red Lake
Round Lake
Sioux Lookout
Sudbury
Timmins
Wunnummin

Quebec
Akulivik
Alma
Aupaluk
Bagotville
Bonaventure
Chisasibi
Gaspé
Inukjuak
Kangiqsujuak
Kégashka
La Romaine
Quaqtaq
Rimouski
Roberval
Rouyn-Noranda
Salluit
Tête-à-la-Baleine
Umiujuaq

Annex 3: External Stakeholders Interviewed

Government of Newfoundland
Government of Nova Scotia
Government of New Brunswick
Government of Québec
Government of Manitoba
Government of Ontario
Government of Saskatchewan
Government of Alberta
Government of British Columbia
Government of North West Territories
Government of Yukon
Government of Nunavut
Atlantic Canada Airports Association
Conseil des Aéroports du Québec
Airport Management Conference of Ontario
Manitoba Aviation Council
Saskatchewan Aviation Council
Alberta Airport Operator's Association
Alberta Aviation Council
B.C. Aviation Council
Northern Air Transport Association
Regional Community Airports Coalition of Canada
Federation of Canadian Municipalities
Canadian Airports Council
Air Transport Association of Canada
Canadian Owners and Pilots Association

Annex 4: External Stakeholders Interview Guide

Airports Capital Assistance Program (ACAP)
Survey and Stakeholder Interviews

A COMPAS Interview Guide
For Transport Canada

COMPAS Inc.
Public Opinion and Customer Research
ACAP Stakeholder Consultations: Interview Guide

Ongoing Need for ACAP

- This survey is about the Airports Capital Assistance Program (ACAP), the program to assist eligible airports in financing capital projects related to safety, asset protection and operating cost reduction. COMPAS, the national public opinion research firm has been asked by Transport Canada to survey stakeholders for your thoughts on the program. Your responses will help to improve the quality of ACAP.
- (Q1A) In general, if the Airports Capital Assistance Program (ACAP) were not available, how would you rate the capacity of (ACAP-eligible) airports to build and maintain safe facilities and equipment?
- (Q1B) In your best estimation, to what extent has ACAP assisted airports in maintaining safe facilities and equipment?
- (Q2A) Aside from their own revenue, what other sources of funds are available to airports for capital expenditures[PROMPT IF NECESSARY e.g. municipal, provincial, other federal funds or programs?]
- (Q2B) And how much do the airports depend on Transport Canada for these funds?
- (Q3) To what extent do you believe ACAP has been important in the maintenance of a feeder airport system in Canada?

ACAP Eligibility Criteria

- I would like to ask you about the eligibility criteria for ACAP, including airport eligibility and project eligibility.

Airport Eligibility Criteria – Thinking first about airport eligibility

- (Q4) Do you think the current ACAP airport eligibility requirements are appropriate? [PROMPT WITH INFORMATION ABOUT THE CRITERIA AS REQUIRED]
  - ❑ Certification
  - ❑ Regularly scheduled passenger service
  - ❑ Minimum of 1,000 scheduled passengers annually
  - ❑ Not be owned by the federal government
- (Q5A) Do you have any recommendations for changes to the airport eligibility criteria: for example, in the requirement to have a minimum of 1,000 scheduled passengers?
- (Q5B) [IF ANY RECOMMENDED CHANGES]What would these changes mean to eligible airports?
- (Q5C) [IF ANY RECOMMENDED CHANGES] And what would these changes mean to other stakeholders?

Project Eligibility Criteria – Now, considering the project eligibility criteria

- (Q6A) Do you have any recommendations for changes to the ACAP project eligibility criteria? [PROMPT WITH INFORMATION ABOUT THE PROJECT CRITERIA AS REQUIRED.]
- (Q6B) [IF RECOMMENDED CHANGES] What is the rationale for these changes?
- (Q6C) [IF RECOMMENDED CHANGES] What would these changes mean to eligible airports?
- (Q6D) [IF RECOMMENDED CHANGES] And what would these changes mean to other stakeholders?
- (Q7) Assuming that the current funding level for ACAP remains unchanged, what do you think should be the program/project priorities?

Cost-Sharing Formula

- (Q8) Assuming that the current funding level for ACAP remains unchanged, do you think that the cost-sharing formula is appropriate for the different types of ACAP-eligible projects? [PROMPT WITH INFORMATION ON THE 4 PRIORITIES OF PROJECTS AS REQUIRED]
- (Q9) Assuming that the current funding level for ACAP remains unchanged, to what extent would you support the following options for changing the program:
  - ❑ (Q9A) ACAP should discontinue funding priority 3 and 4 projects.
  - ❑ (Q9B) ACAP should maintain the current cost-sharing formula for priority 1 and 2 projects but increase the percentage that airports are required to contribute for priority 3 and 4 projects.
  - ❑ (Q9C) ACAP should increase the percentage that airports are required to contribute for all projects.
  - ❑ (Q9D) ACAP should discontinue funding priority 3 and 4 projects AND increase the percentage that airports are required to contribute for the remaining projects.
  - ❑ (Q9E) ACAP should discontinue funding priority 4 projects AND increase the percentage that airports are required to contribute for the remaining projects.
  - ❑ (Q9F) ACAP should amend the cost-sharing formula to increase the percentage that airports having more than 200,000 enplaned/deplaned passengers are required to contribute.

ACAP Management Processes – Application, Decision-Making, Consultation

- (Q10) Generally, based on your knowledge and experience, is the ACAP application and decision-making process a fair and open one? Are applications reviewed consistently and fairly? Are decisions communicated in a timely manner?
- (Q11) Do you have any suggestions for improving the application and review process?

- (Q12) Do you have specific suggestions for improving information provided to applicants (prompt re the booklet, the website)?

- (Q13) Do you believe that the overall level of communication performed by Transport Canada ACAP staff is appropriate? Do you have suggestions for changes?

Alternative Approaches to Achieving ACAP Objectives

- (Q14) What do you think are the strengths and weaknesses of the ACAP approach to providing capital funds to airports: i.e. needs-based project funding (with an emphasis on safety-related projects)?

Other Issues

- (Q15) Those are all the questions I have. Do you have any other comments about ACAP?

Annex 5: Regional and HQ Interview Guide

1. Do you believe that ACAP is contributing to the enhancement and maintenance of safety at airports? (Prompt why do you believe this?)

2. Do you believe ACAP is contributing to the maintenance and enhancement of environmental protection at airports?

3. Do you think the current project eligibility criteria is appropriate? Prompt with information about the criteria as required.

- P1 - Safety-related airside projects
- P2 - Heavy airside mobile equipment
- P3 - Air terminal buildings/groundside safety-related
- P4 – Asset protection or operating cost reduction

4. Do you have any recommendations for changes to the ACAP project-eligibility criteria? What is the rationale for these changes? What would these changes mean: to eligible airports? To other stakeholders?

5. Do you think that the cost-sharing formula is appropriate for the different types of ACAP-eligible projects? If not, how would you see it being improved? (Prompt as required)

6. Assuming that the current funding level for ACAP remains unchanged, to what extent would you support the following options for changing the program?

a) ACAP should discontinue funding priority 3 and 4 projects.
b) ACAP should maintain the current cost sharing formula for priority 1 and 2 projects, but increase the percentage that airports are required to contribute for priority 3 and 4 projects.
c) ACAP should increase the percentage that airports are required to contribute for all projects.
d) ACAP should discontinue funding priority 3 and 4 projects, AND increase the percentage that airports are required to contribute for the remaining projects.
e) ACAP should discontinue funding priority 4 projects, AND increase the percentage that airports are required to contribute for the remaining projects.
f) ACAP should amend the cost-sharing formula to increase the percentage that airports having more than 200,000 enplaned/deplaned passengers are required to contribute.
g) ACAP should require all applicants to cost share regardless of level of traffic.
h) ACAP should have a different cost sharing formula for airports owned by a Province or Territory.

7. Do you have any other suggestions, or a different approach to approve or amend the cost-sharing formula to make it more effective? What do you think is the best approach to project cost sharing?

8. What do you think are the strengths and weaknesses of the ACAP approach to providing capital funds to airports: i.e. needs-based project applications (with an emphasis on safety-related projects). Do you think there is an alternative funding approach that would be better suited for ACAP?

9. Besides their own revenue, what other sources of funds are available to airports for capital expenditures (e.g., municipal, provincial, other federal funds or program)? How much do the airports depend on Transport Canada for these funds?

10. What has been the demand trend for ACAP over the past several years? What do you think will be the demand in the future? NOTE: We will be asking for your assistance in helping us review the information received from the survey of airports about their future demand.

11. Do you think the current ACAP eligibility is appropriate to meet the needs of airports? Prompt with information about the criteria as required.

- Certification
- Regularly scheduled passenger service
- Minimum of 1,000 scheduled passengers annually (over three years, excluding TC remotes)
- Not owned by the Federal Government

12. Do you have any recommendations for changes to the airport-eligibility criteria (e.g., in the requirement to have a minimum of 1,000 scheduled passengers)? What would these changes mean: to eligible airports? To other stakeholders?

13. In terms of the interaction between HQ and regions, do you think the level of communication is appropriate?

14. Do you think the current distribution of roles and responsibilities between HQ and regions is efficient?

15. Is there anything else you would like to add?

Note: The following questions were included in the HQ interview questionnaire.

16. Could you describe the current process for reviewing, recommending and approving ACAP projects?

17. Do you have any suggestions for improvements to the process, for instance in the following areas.

- Decisions on approvals
- Openness, transparency
- Level of communication with airports

Annex 6: TC ACAP Staff Interviewed

Jacques Bertrand
ACAP, Program Manager
Airport Programs Headquarters

Eve Tourigny
Project Officer
Airport Programs Headquarters

Doreen McMullin
Analyst
Airport Programs Headquarters

Mary Mah
Manager Funded Programs and Administration
Pacific Region

Jenny Low
Senior Program Officer
Pacific Region

Mary Louise Canning
Regional Manager Funded Programs
Ontario Region

Kam Yip
Program Funding Officer
Ontario Region

Menijeh Dhanani
Funded Programs Officer
Ontario Region

Reg Dingley
Manager, Regional/Local Airports
Atlantic Region

Bernie MacNeil
Atlantic Region
Senior Programs Officer,
Funded Programs

Ron Lapp
Manager, Funded Programs
Prairie and Northern Region

Florine Dahms
Funding Officer
Prairie and Northern Region

Denis Moreau
Funding Officer
Prairie and Northern Region

Gilles Turmel
Regional Manager, Airports
Quebec Region

Joanne Gagné
Officer, Airport Operations
Quebec Region

Annex 7: Aerodrome Safety Inspectors Interview Guide

In advance send the list of ACAP eligible airports in their region and list of projects funded.

1. Do you think that the current project eligibility is appropriate? (Prompt with full definition of priorities as required)

- P1 Safety related airside projects
- P2 Heavy airside mobile equipment
- P3 Air terminal building/groundside safety-related
- P4 Asset protection or operating coat reduction

2. Do you feel that safety projects that were funded by ACAP are appropriate? (Please see attached database/list of projects) Prompt for comparison to other needs at airports.

3. I would like to ask you questions about a couple of specific projects that ACAP funded. Do you feel that the project _____ [5]undertaken was the most important safety project to be funded by ACAP at that airport at that current time?

4. How important do you think ACAP has been in ensuring safety standards?

5. Do you think that airports receiving ACAP funding are generally safer than airports not receiving ACAP funding? Can you provide examples?

6. Are you aware of any ACAP projects that were funded in response to an accident or incident? If yes, can you describe?

7. Do you know of any examples where ACAP helped an airport acquire or maintain certification? If yes, can you describe?

8. Do you have any suggestions for improving ACAP?

5 Please see Annex 9 for a list of projects

Annex 8: Aerodrome Safety Inspectors Interviewed

John Henry Ireland (Jack Ireland)
Superintendent, Aerodrome Safety (Winnipeg)
Prairie and Northern Region

Keith Reilly
Civil Aviation Inspector, Aerodrome Safety
Ontario Region

Martin Turcotte
Civil Aviation Inspector, Aerodrome Safety
Quebec Region

Rosalie Kamp
Civil Aviation Inspector, Aerodrome Safety
Pacific Region

Stafford Cripps
Regional Manager Aerodrome Safety
Atlantic Region

Annex 9: Case Studies for File Reviews

Airport	Province	Region	Project	Priority
Yarmouth	N-S	Atlantic	Heavy Duty Loader	2
Nakina	Ontario	Ontario	Runway 09-27 Selective Rehabilitation	1
Nakina	Ontario	Ontario	Expansion of ATB Apron	1
Sault Ste.Marie	Ontario	Ontario	Front End Loader	2
Sault Ste.Marie	Ontario	Ontario	Rehabilitation of runway 12-30, Taxiways B,F,G and Subdrains	1
Edmonton City Centre	Alberta	PNR	Fibre Optic Signs	1
Little Grand Rapids	Manitoba	PNR	Installation of PAPI System	1
Thompson	Manitoba	PNR	Replacement of Runway Sweeper	2
Thompson	Manitoba	PNR	South Apron, Taxiway A&B Rehabilitation	1
Qikiqtarjuaq	Nunavut	PNR	Aerodrome Airfield Lighting	1
Qikiqtarjuaq	Nunavut	PNR	Motor Grater Replacement	2
Prince Albert	Saskatchewan	PNR	Replace Runway Towed Sweeper	2
Prince Albert	Saskatchewan	PNR	Wildlife Control Fencing	1
Campbell River	B-C	Pacific	Helicopter Parking Position (Touchdown Pads)	1
Campbell River	B-C	Pacific	Electrical System Upgrade	1 & 3
La Romaine	Quebec	Quebec	Airport infrastructure improvements	1
Rouyn	Quebec	Quebec	Installation of an ODALS system	1

Annex 10: List of Acronyms

ACAP:	Airports Capital Assistance Program
ATAP:	Air Transport Assistance Program
ATB	Air Terminal Building
AEIS:	Aircraft Emergency Intervention Services
CARs	Canadian Aviation Regulation
CEAA:	Canadian Environmental Assessment Act
LCARP:	Labrador Coast Airstrips Restoration Program
LCC:	Local/Local Commercial
NAP	National Airports Policy
NAS	National Airport System
NTS	Nunavut Transportation Strategy
P&D	Programs and Divestiture
PNR	Prairie and Northern Region
RMAF	Results –based Management and Accountability Framework
SHIP	Strategic Highway Infrastructure Program
TC	Transport Canada