

COMOX VALLEY AIRPORT COMMISSION
Financial Statements - March 31, 2025

COMOX VALLEY AIRPORT COMMISSION

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Year Ended March 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Comox Valley Airport Commission,

Opinion

We have audited the financial statements of the Comox Valley Airport Commission (the "Commission"), which comprise the statement of financial position as at March 31, 2025, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process. When individuals responsible for the oversight of the financial reporting process are the same as those responsible for the preparation of the financial statements, no reference to oversight responsibilities is required.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chan Newstead Boates Inc

Chartered Professional Accountants
Courtenay, BC

June 16, 2025

COMOX VALLEY AIRPORT COMMISSION

Statement of Financial Position

March 31, 2025

	Operating Fund	Capital Fund	2025 Total	2024 Total
ASSETS				
Current Assets				
Cash	\$ 191,611	\$ 806,738	\$ 998,349	\$ 1,166,815
Guaranteed Investment Certificates (Note 3)	-	5,540,891	5,540,891	3,149,388
Accounts Receivable	948,353	81,616	1,029,969	517,157
Government Funding Receivable	-	-	-	38,214
Prepaid Expenses	42,510	-	42,510	43,191
	<u>1,182,474</u>	<u>6,429,245</u>	<u>7,611,719</u>	<u>4,914,765</u>
Loan Receivable	-	14,063	14,063	28,125
Long Term Investments (Note 4)	-	16,744,299	16,744,299	15,215,920
Tangible Capital Assets (Note 5)	-	6,554,953	6,554,953	7,413,219
	<u>\$ 1,182,474</u>	<u>\$ 29,742,560</u>	<u>\$ 30,925,034</u>	<u>\$ 27,572,029</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 92,980	\$ 13,138	\$ 106,118	\$ 93,608
Government Remittances Payable	49,557	-	49,557	80,933
Wages Payable	81,470	-	81,470	65,901
Deferred Revenue	68,354	-	68,354	56,106
Refundable Tenant Deposit	31,430	-	31,430	31,430
	<u>323,791</u>	<u>13,138</u>	<u>336,929</u>	<u>327,978</u>
NET ASSETS				
Capital Fund	-	29,729,422	29,729,422	26,490,349
Unrestricted	858,683	-	858,683	753,702
	<u>858,683</u>	<u>29,729,422</u>	<u>30,588,105</u>	<u>27,244,051</u>
	<u>\$ 1,182,474</u>	<u>\$ 29,742,560</u>	<u>\$ 30,925,034</u>	<u>\$ 27,572,029</u>
Commitments (Note 7)				

Approved by the Directors:

Director

Director

COMOX VALLEY AIRPORT COMMISSION

Statement of Changes in Net Assets

Year Ended March 31, 2025

	Operating Fund	Capital Fund	2025 Total	2024 Total
Net Assets - Beginning of Year	\$ 753,702	\$ 26,490,349	\$ 27,244,051	\$ 23,331,225
Excess of Revenues over Expenditures	<u>1,812,306</u>	<u>1,531,748</u>	<u>3,344,054</u>	<u>3,912,826</u>
	2,566,008	28,022,097	30,588,105	27,244,051
Interfund Transfers	<u>(1,707,325)</u>	<u>1,707,325</u>	<u>-</u>	<u>-</u>
Net Assets - End of Year	<u>\$ 858,683</u>	<u>\$ 29,729,422</u>	<u>\$ 30,588,105</u>	<u>\$ 27,244,051</u>

COMOX VALLEY AIRPORT COMMISSION

Statement of Operations

Year Ended March 31, 2025

	Operating Fund	Capital Fund	2025 Total	2024 Total
Revenues				
Advertising	\$ 46,605	\$ -	\$ 46,605	\$ 46,035
Airport Improvement Fees (Note 8)	-	1,034,407	1,034,407	975,045
Concessions - Car	708,875	-	708,875	756,984
Concessions - Other	118,603	-	118,603	127,609
Concessions - Parking	2,056,092	-	2,056,092	1,825,367
Fuel Commissions	143,194	-	143,194	139,919
Government Funding	-	217,995	217,995	185,489
Miscellaneous	51,017	-	51,017	52,125
Office Rentals	261,307	-	261,307	262,954
Terminal Fees	2,048,347	-	2,048,347	1,949,007
	<u>5,434,040</u>	<u>1,252,402</u>	<u>6,686,442</u>	<u>6,320,534</u>
Expenses				
Airport Improvement Fees (Note 8)	-	78,170	78,170	73,096
Amortization	-	1,473,146	1,473,146	1,396,428
Bank Charges and Interest	7,720	-	7,720	7,387
Board (Note 12)	89,950	-	89,950	69,561
Fuel Facility	14,283	-	14,283	17,295
Insurance	76,928	-	76,928	81,493
Marketing	335,600	-	335,600	210,404
Office and Miscellaneous	121,886	-	121,886	111,390
Parking Administration	157,197	-	157,197	144,698
Professional Fees	237,865	-	237,865	221,944
Property Taxes	118,020	-	118,020	103,238
Rent	52,871	-	52,871	52,871
Supplies	271,493	-	271,493	267,278
Utilities	103,712	-	103,712	113,933
Volunteers	17,574	-	17,574	13,678
Wages and Benefits	2,016,635	-	2,016,635	1,888,180
	<u>3,621,734</u>	<u>1,551,316</u>	<u>5,173,050</u>	<u>4,772,874</u>
Income (Deficit) from Operations	<u>1,812,306</u>	<u>(298,914)</u>	<u>1,513,392</u>	<u>1,547,660</u>
Other Income				
Investment Income (Note 9)	-	1,830,662	1,830,662	1,677,279
Gain on Disposal of Agreement to Purchase (Note 6)	-	-	-	687,887
	<u>-</u>	<u>1,830,662</u>	<u>1,830,662</u>	<u>2,365,166</u>
Excess of Revenues over Expenses	<u>\$ 1,812,306</u>	<u>\$ 1,531,748</u>	<u>\$ 3,344,054</u>	<u>\$ 3,912,826</u>

COMOX VALLEY AIRPORT COMMISSION

Statement of Cash Flows

Year Ended March 31, 2025

	Operating Fund	Capital Fund	2025 Total	2024 Total
Cash Flows From Operating Activities:				
Cash Received from Passengers and Others	\$ 4,943,718	\$ 1,280,374	\$ 6,224,092	\$ 6,247,054
Cash Paid to Suppliers	(1,632,222)	(69,234)	(1,701,456)	(1,562,974)
Cash Paid to Employees	(2,001,066)	-	(2,001,066)	(1,879,766)
	<u>1,310,430</u>	<u>1,211,140</u>	<u>2,521,570</u>	<u>2,804,314</u>
Cash Flows From Investing Activities:				
Loan Repayments	-	14,062	14,062	16,875
Purchase of Tangible Capital Assets	-	(614,878)	(614,878)	(623,746)
Investment Income Received	-	900,773	900,773	584,673
Purchase of Investments	-	(2,989,993)	(2,989,993)	(2,780,757)
	<u>-</u>	<u>(2,690,036)</u>	<u>(2,690,036)</u>	<u>(2,802,955)</u>
Cash Flows From Financing Activities:				
Interfund Transfers	(1,707,325)	1,707,325	-	-
Increase (Decrease) in Cash	(396,895)	228,429	(168,466)	1,359
Cash - Beginning of Year	<u>588,506</u>	<u>578,309</u>	<u>1,166,815</u>	<u>1,165,456</u>
Cash - End of Year	<u>\$ 191,611</u>	<u>\$ 806,738</u>	<u>\$ 998,349</u>	<u>\$ 1,166,815</u>

COMOX VALLEY AIRPORT COMMISSION

Notes to Financial Statements

March 31, 2025

1. Nature of Operations:

The Comox Valley Airport Commission ("the Commission") was granted letters patent under the Canada Corporations Act on February 12, 1996. The Commission is also registered as an extraprovincial non-share corporation.

The Commission has operated the civilian air terminal located on leased land from the Crown on CFB Comox grounds since June 1, 1996. The Commission also owns and is developing an adjacent parcel of land on Knight Road to meet further air service demands.

All earnings of the Commission are retained and reinvested in civilian airport operations and development. The Commission is exempt from tax under S.149(1)(l) of the Income Tax Act.

2. Significant Accounting Policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The Commission follows the restricted fund method of accounting for contributions. Accordingly, revenues received for each of the specific funds and the expenditures incurred by each fund are segregated for accounting and reporting purposes into the following specific funds:

Operating Fund

The Operating Fund accounts for the Commission's operating activities, including the administrative and general costs of operations. This fund reports the assets, liabilities, revenues and expenditures related to unrestricted revenue received. It also includes unspent amounts received that are restricted but do not have another appropriate fund as deferred revenue.

Capital Fund

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Commission's tangible capital asset purchases and expansion projects.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current year. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Significant estimates include the useful lives of tangible capital assets and the resulting amortization of tangible capital assets as well as the date at which permits will be received with respect to the agreement the Commission has entered into to purchase property that would trigger the purchase.

COMOX VALLEY AIRPORT COMMISSION

Notes to Financial Statements

March 31, 2025

2. Significant Accounting Policies (continued):

Tangible Capital Assets

Tangible Capital Assets are initially recorded at cost. Amortization is recorded using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. The estimated useful lives of capital assets are as follows:

Airside	Lease term
Building	Lease term
Equipment	10 years
Air Terminal Building	Lease term
Furniture and Fixtures	10 years
Conveyance Equipment	20 years
Fuel Facility	Lease term
Groundside	Lease term
Computer Equipment	3 years

Long-Lived Assets

Measurement

Long-lived assets consist of all non-current assets except long term investments. Long-lived assets available for use are measured and amortized as described in the applicable accounting policies.

Impairment

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Financial Instruments

Measurement

The Commission initially measures its financial assets and liabilities at fair value when acquired or issued. The Commission subsequently measures financial assets with actively traded markets at fair value, with unrealized gains or losses reported in the statement of operations. All other financial instruments are reported at amortized cost unless otherwise disclosed. Transaction costs on the acquisition, sale, or issuance of financial instruments are expensed when incurred.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

COMOX VALLEY AIRPORT COMMISSION

Notes to Financial Statements

March 31, 2025

2. Significant Accounting Policies (continued):

Revenue Recognition

Restricted contributions are recognized as revenue of the Capital Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions and contributions for operations are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Revenues are receivable when services are performed, the facilities are utilized or the amounts are earned pursuant to the related agreements.

Terminal fees are recognized as each passenger enplanes and deplanes. Airport improvement fees are recognized as each passenger enplanes. Car concession revenue is recognized monthly based on a percentage of gross monthly revenue from car rental agencies. Parking concession revenue is recognized as the lot is used. Office and property rental revenue is recognized monthly per rental agreements. Other concession revenue is recognized monthly based on a percentage of gross revenue from other concessions. Advertising revenue is recognized monthly as it is earned. Fuel commissions are recognized daily based on a percentage of volume used at the fuel facility. Investment revenue is recognized monthly as the investment income is earned within the portfolio.

Government assistance is recognized as revenue in the same period as the relevant expense is incurred.

3. Guaranteed Investment Certificates:

Guaranteed Investment Certificates (GIC's) are recorded at cost plus accrued interest. The interest rate on the GIC's held at March 31, 2025 is between 3.40% and 5.35% (2024 - 5.30% and 5.75%).

4. Long Term Investments:

	<u>2025</u>		<u>2024</u>	
	Cost	Market	Cost	Market
Fixed Income	\$ 4,859,665	\$ 4,845,283	\$ 4,607,376	\$ 4,384,247
Canadian Equity	3,797,777	3,904,225	3,575,079	3,564,670
Canadian Income Equity	315,660	334,763	573,842	576,194
Global Equity	3,559,524	4,454,594	3,548,753	4,038,026
Hedge Strategies	2,121,515	2,212,512	2,066,502	1,999,019
Other	<u>967,513</u>	<u>992,922</u>	<u>647,507</u>	<u>653,764</u>
	<u>\$ 15,621,654</u>	<u>\$ 16,744,299</u>	<u>\$ 15,019,059</u>	<u>\$ 15,215,920</u>

COMOX VALLEY AIRPORT COMMISSION

Notes to Financial Statements

March 31, 2025

5. Tangible Capital Assets:

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 695,886	\$ -	\$ 651,614	\$ -
Airside	9,233,578	7,714,512	9,233,578	7,310,729
Building	318,122	252,971	318,122	235,840
Equipment	434,403	422,701	434,403	416,300
Air Terminal Building	10,268,639	7,482,415	10,246,876	6,768,529
Furniture and Fixtures	411,198	342,483	372,116	334,187
Conveyance Equipment	1,198,171	1,162,002	1,198,171	1,123,028
Fuel Facility	150,356	121,184	150,356	112,850
Groundside	3,769,559	2,464,767	3,287,305	2,192,533
Computer Equipment	215,731	177,655	188,225	173,551
	<u>\$ 26,695,643</u>	<u>\$ 20,140,690</u>	<u>\$ 26,080,766</u>	<u>\$ 18,667,547</u>
Unamortized Cost	<u>\$ 6,554,953</u>		<u>\$ 7,413,219</u>	

Airside, building, air terminal building, fuel facility and groundside assets are amortized over the life remaining on the land lease with the Department of National Defence. As at March 31, 2025, three years and three months remain on this lease.

6. Agreement for Purchase:

In 2010, the Commission entered into a contract to purchase a parcel of land adjacent to their current location for \$2,200,000. This parcel is currently part of a larger parcel which is to be subdivided. The completion date is 30 days following the registration of the Subdivision Plan with the Victoria Land Title Office. A \$10,000 non-refundable deposit has been paid and \$490,000 is due to be paid on the completion date. The balance of the purchase price is to be paid, without interest, in 60 monthly installments of \$28,333.

On March 28, 2020, the Commission obtained a third party appraisal which it used to estimate a value for the parcel of land to which the Agreement for Purchase related to, to be \$1,512,113. As a result of the reduction in the estimated fair value of the land to which the Agreement for Purchase related, the value of the Agreement for Purchase asset was assessed to be impaired at March 31, 2020. There has not been any change in the estimated value of the land nor has there been any additional impairment expense recognized since this date.

On June 23, 2023, the Commission and the seller of the property agreed to end the agreement to purchase. The agreement for purchase asset and relating obligation liability have been removed from the statement of financial position in the current year and \$687,887 in previous impairment loss has been recognized as a gain on the termination of the agreement to purchase in the statement of operations.

COMOX VALLEY AIRPORT COMMISSION

Notes to Financial Statements

March 31, 2025

7. Commitments:

Effective June 30, 2003, the Commission entered into a 25 year lease with the Department of National Defence for the land where the airport is situated.

The Commission is committed under a lease agreement for land with total future lease payments of \$171,831, assuming there is no further change in the payment amount over the term of the lease.

Lease payments in each of the next four years are estimated as follows:

2026	\$ 52,871
2027	52,871
2028	52,871
2029	13,218

8. Airport Improvement Fees:

The Commission collects an airport improvement fee (AIF) of \$5 per outgoing passenger to fund the cost of major capital expenditures. These fees are collected by the air carriers under an agreement between the Commission, the Air Transport Association of Canada (ATAC) and the air carriers serving the airport, entitling the air carriers to withhold approximately 7% administration fee. By agreement with ATAC, AIF revenues are restricted to pay for the capital and related financing costs of major airport infrastructure development.

For the year ended March 31, 2025, the Commission recorded \$1,034,407 (2024 - \$975,045) in AIF revenue and capital expenditures totaled \$614,878 (2024 - \$623,746). As at March 31, 2025, cumulative AIF revenue totals \$16,663,464 (2024 - \$15,629,057), and cumulative capital expenditures totals \$25,934,901 (2024 - \$25,320,023). As at March 31, 2025, the cumulative AIF revenue has been used to fund AIF eligible capital expenditures in accordance with the agreement.

9. Investment Income:

	<u>2025</u>	<u>2024</u>
Interest Income	\$ 211,629	\$ 162,721
Other Investment Income	667,553	494,030
Gain (Loss) on Disposal of Investments	19,697	(72,078)
Unrealized Gain	<u>931,783</u>	<u>1,092,606</u>
	<u>\$ 1,830,662</u>	<u>\$ 1,677,279</u>

COMOX VALLEY AIRPORT COMMISSION

Notes to Financial Statements

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10. Financial Instruments:

The Commission is exposed to various risks through its financial instruments. It is management's opinion that the Commission is not exposed to significant concentrations at the financial statement date except as otherwise disclosed.

Liquidity Risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting obligations associated with financial liabilities. The Commission is exposed to this risk mainly in respect of its accounts payable.

Credit Risk

Credit risk is the risk that the Commission will incur losses based on credit that it has granted to other parties. The total amount of this exposure is the balance in accounts receivable of \$1,029,969 (2024 - \$555,371). Two customers account for 61% of this balance (2024 - two customers accounted for 61%), but management feels that the risk of collection of these amounts is minimal due to the past payment history of these customers and the organizational size of these customers.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest risk and other price risk.

Currency Risk

Currency risk is the risk that the value of a financial instrument might be adversely affected by changes in foreign exchange rates. The Commission enters into transactions denominated in foreign currency for which the related revenues are subject to exchange rate fluctuations. The Commission is exposed to currency risk through its long term investment portfolio.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Commission is exposed to interest rate rate cash flow risk through its long term investment portfolio.

Other Price risk

Other price risk is the risk that the value of a financial instrument might be adversely affected by changes in market prices other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Commission is exposed to other price risk through its long term investments in equities.

11. Environmental Matters

The Commission is subject to various laws, regulations and government policies relating to health and safety, to the generation, storage, transportation, disposal and environment emissions of various substances and to the protection of the environment in general. A risk of environmental liability is inherent in the operations; real estate ownership, operation or control; and other commercial activities of the Commission with respect to both current and past operations. Although the effect on operating results and liquidity cannot be reasonably estimated, management believes, based on current information, that environmental matters will not have a material adverse effect on the Commission's financial condition or competitive position.

COMOX VALLEY AIRPORT COMMISSION

Notes to Financial Statements

March 31, 2025

12. Management and Directors' Compensation:

Included in Wages and Benefits for the year ending March 31, 2025 is management compensation of \$697,252 for six managers (2024 - \$682,405, six managers) with compensation exceeding \$75,000 per annum.

Included in Board expenses for the current year is directors' compensation of \$55,711 (2024 - \$54,681).

13. Subsequent Event:

On April 1, 2025, the Commission transitioned from an Airport Improvement Fee (AIF) to a Passenger Facility Fee (PFF), establishing the PFF at \$7.50 per outgoing passenger. This change in fee program better aligns with the Commission's operational objectives and enhances long-term growth of passenger services.