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Fleet Street: \$10-M facility to perform maintenance for four airlines

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Exchange Income Corp. plans to consolidate maintenance of its fleet of airplanes into one 60,000-square-foot building.

Exchange Income Corp. will consolidate maintenance of its fleet of 100 airplanes from the four airlines it owns into a new \$10-million facility on the southeast side of the Winnipeg airport campus.

Winnipeg's aviation community heralded the announcement Tuesday as further evidence the city is staking claim to a growing role in the re-supply and development dynamic of the north.



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Mike Pyle: 'this is our place' (KEN GIGLIOTTI / WINNIPEG FREE PRESS)

"It's back to the future," said Arthur Mauro, a legend in the western aviation industry, referring to Winnipeg's original role as a centre for aviation activity in the north in the last century.

EIC's airlines -- Perimeter Aviation, Keewatin Air, Calm Air International and Bearskin Lake Air Service -- fly extensively in northern Manitoba, northwest Ontario and Nunavut.

The 60,000-square-foot facility will be located next to the current location of the Western Canada Aviation Museum.

The museum also launched a capital campaign on Tuesday to raise an as-yet-undetermined amount of money to build a new facility on the footprint of the old Winnipeg airport terminal, which is slated for demolition.

At the news conference Tuesday morning at the Calm Air hangar, leaders of the Western Canada Aviation Museum capital campaign were introduced: Arthur Mauro and Hartley

Richardson are honorary campaign co-chairmen, with Doug Harvey and Ross Robinson as campaign co-chairmen.

EIC kick-started that campaign with a \$2.5-million contribution.

The Winnipeg company has also purchased the existing aviation museum building (leasing it back to the museum for \$1) as well as a provincial government-owned hangar that maintains the province's water bombers and air ambulances.

Both the museum and province will continue to occupy those buildings for as long as they need them.

Construction of the maintenance hangar will start this year after what company officials said was a couple of years of planning.

"We own four airlines... a lot of stuff in Manitoba. We are not apologetic about that. This is our place," said Mike Pyle, EIC's chief executive officer.

Montreal is known as Air Canada's home and Calgary has WestJet. Pyle said Winnipeg is now home to its own aviation company.

"That's not to suggest we are on par with those people," he said. "We fly smaller planes in unique places but we want to make this our home base."

The significance of the announcement was not lost on Manitoba Premier Greg Selinger.

"These will be quality, high-paying jobs in a brand-new facility that positions Winnipeg as a centre for aviation maintenance and an ability to serve the north," Selinger said.

Michael Rodyniuk, chief operating officer of EIC in charge of its aviation business, said, "Our operations in Nunavut are split between the western rim of Hudson Bay and further east into Iqaluit as far north as Alert. It is just exploding."

The company recently acquired Custom Helicopters of St. Andrews and also owns a handful of smaller manufacturing companies, mostly in western Canada, and one of the largest companies in North America that make and maintain mobile communications towers.

Part of EIC's plans for the new facility is to market the service to other carriers and become a third-party maintenance shop.

The development comes at a time when Aveos Fleet Performance Inc., formerly Air Canada Technical Services, is significantly shrinking its narrow body heavy maintenance shop in Winnipeg. Its workforce of about 300 people is about half the size it was just a few years ago.

But still, EIC will join a very busy aerospace maintenance, repair and overhaul industry built around the airport campus. In addition to the work Aveos does, StandardAero employs close to 1,500 people working on aviation engines and Bristol Aerospace also does some of that of work.

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Terminal takes bite out of bottom line

HAVING a new airport terminal will take a big bite out of the Winnipeg Airports Authority's bottom line for the next few years, its top executive said Tuesday.

Barry Rempel said that as soon as the new terminal opened on Oct. 31, the WAA began paying interest on the hundreds of millions of dollars it borrowed to pay for the construction of the new state-of-the-art facility.

That means a big jump in operating expenses and a big drop in cash flow from operations -- the yardstick the WAA uses to measure its operating performance.

For example, the WAA's 2011 fourth-quarter financial results released Tuesday show cash flow plunging to \$1 million from \$8.9 million in the final quarter of 2010.

"It's all interest expense," Rempel said of the decline. "And there are going to be a number of years here where the bottom line isn't going to look good because of all that interest..."

But as long as cash flow remains positive, he said, that means the WAA is still showing a profit on its operations.

"And that's the key."

-- Murray McNeill

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