

Airport Advisory Committee

AGENDA



Thursday, April 29, 2021

9:00 am

Airport Administration Boardroom

Kelowna International Airport

1-5533 Airport Way

Kelowna, BC

Pages

1. Call to Order

2. Confirmation of Minutes

2 - 7

Approve Minutes of the Meeting of October 29, 2020.

3. Reports

8 - 56

4. Questions & Wrap Up

5. Termination of Meeting



Airport Advisory Committee

Minutes

Date:	Thursday, October 29, 2020
Time:	10:00 am
Location:	Airport Administration Boardroom Kelowna International Airport 1-5533 Airport Way Kelowna, BC
Members Present	Chair, Mayor Colin Basran, City of Kelowna Mayor James Baker, District of Lake Country Chair Gail Given, Regional District of Central Okanagan
Members Participating Remotely	Councillor Brad Sieben, City of Kelowna Mayor Cindy Fortin, District of Peachland Mayor Alan Harrison, City of Salmon Arm Councillor Doug Flndlater, City of West Kelowna Andre Blanleil, Kelowna City at Large Joseph Clohessy, Tourism Kelowna David Hull, Summerland Chamber of Commerce Craig Garries*, Greater Westside Board of Trade Jeff Robinson, Kelowna Chamber of Commerce Grant Stevens, KF Aerospace, Aviation Industry Representative Darrin Taylor, Greater Vernon Chamber of Commerce Lesley Cormack, UBCO Corie Griffiths, Economic Development Commission
Members Absent	Mayor John Vassilaki, City of Penticton Councillor Akbal Mund, City of Vernon Councillor Fernanda Alexander, Westbank First Nation
Staff Present	Airport Director, Sam Samaddar, City of Kelowna Senior Airport Development Manager, Geoff Ritchie
Staff Participating Remotely	City Manager, Doug Gilchrist Senior Airport Operations Manager, Phillip Elchitz Airport Finance & Corporate Services Manager, Shayne Dyrdal* Legislative Technician, Rebecca Van Huizen

(* denotes partial attendance)

1. Call to Order

The Chair called the meeting to order at 10:05 a.m.

2. Confirmation of Minutes – Mayor Basran

Moved by Chair Gail Given/Seconded by Councillor Brad Sieben

THAT the Minutes of the July 28, 2020 Airport Advisory Committee meeting be adopted.

3. Reports

Operations Update:

Senior Airport Operations Manager:

- Displayed a PowerPoint presentation providing an update on the operations of the airport.
- Went over September 2020 passenger statistics – noted this was at a 72% reduction compared to September 2019 numbers.
- Went over 2020 passenger statistics to date.
- Anticipating by end of year, the Airport will have seen about 753,000 passengers, a 63% reduction compared to end of year 2019.
- Accelerating ahead of other tier 2 airports in the country, comeback is happening quicker.
- Went over comparison of passenger traffic from 2003-2020.
- Currently trending around 1999 numbers.
- Noted the challenge of balancing cost reductions with ensuring the Airport remains fully operational.
- Continuing to work on cost and staff reduction.
- Went over daily departures leaving the Airport before and during COVID-19.
- In February 2020 had 47 departures from the Airport, at lowest in April 2020 had 3 daily departures, and in October 2020 had 15 daily departures.
- Well below the three-year average.
- Went over operational changes since the last Airport Advisory Committee meeting in July 2020.
- Masks remain mandatory in all public areas – this applies to both passengers and Airport staff.
- Expect this to remain in place as the Airport terminal was never designed for physical distancing.
- Baggage screening system and the outbound baggage reopened in the summer of 2020.
- Terminal building hours of operations have expanded since the last AAC meeting in July 2020.
- Airside White Spot has reopened and hours are expanding for Tim Hortons.
- 6 of the 10 operational stands are in use, keeping 3 closed to reduce maintenance costs.
- Valet remains closed as well several parking lots.
- Customs remains closed.
- Kelowna Airport has been designated in the interior as an airport that can accept corporate aircraft from the states.
- Transport Canada has mandated temperature screening, which is applicable to both passengers and staff within the Airport. This is an important piece with customer confidence.
- Had just under 50 positions approved in the 2020 pre-COVID-19 budget.
- Operating currently with 38 staff during the winter operations.
- Went over future operational opportunities for the Kelowna Airport including contact tracing, touchless travel and rapid testing.
- Kelowna Airport is working with a local company to see how these operational opportunities would look.

Airport Director:

- Elaborated on COVID-19 testing protocols happening in Edmonton, Toronto and Vancouver airports.
- Different provinces have different requirements for inbound passengers.
- COVID-19 testing go hand in hand with contact tracing.
- Have been working with local company about a contact tracing app.
- There is an opportunity to bring a contact tracing option to the Kelowna Airport.
- There is a focus on building confidence with travelers.
- Went over measures Kelowna Airport is taking from a health and safety perspective.
- Responded to questions from the Committee.

Soaring Beyond 2.5 Million Passengers AIF Program Update:

Senior Airport Development Manager:

- Displayed a PowerPoint presentation providing an AIF program update to the Committee.
- Provided updates on current projects on the go at the Kelowna Airport, which included Design Development of ATB Expansion, Airside Pavement Rehabilitation and purchase of Airside Equipment (Dump truck and Water tank).
- Went over projects that had been deferred due to COVID-19, which included Delta Rehab – Phase 2, Apron 1 South Expansion Design, Airside Lighting and Supporting Infrastructure Design, Self-Serve Bag Drop Consultation and Airside Equipment purchase.
- Financial goals remain the same.
- Have managed costs at the Airport to maintain consistent fees and charges.
- Some airports have increased their fees and charges by up to 30%.
- Went over Air Service Development Update.
- Displayed infographics showing Kelowna Airport's Connectivity Analysis throughout the world, before and during COVID-19.
- Kelowna Airport is still utilizing the three recovery models (Steady Recovery, Protracted Recovery, Double Dip Recovery).
- Still trending slightly ahead of the Double Dip model.
- Noted that Kelowna Airport has seen significant recovery, and has seen one of the best recoveries in Canada.
- Provided updates on which airlines are currently flying out of the Airport and to which destinations.
- Noted that Kelowna Airport will be home to Air Canada Jetz, which is a plane typically used for flying hockey teams, on a seasonal basis.
- Kelowna Airport is one of four airports in Canada that will have Air Canada Jetz service, which sends a big message.
- Noted that Swoop Airlines is back at Kelowna Airport.
- Swoop offers low cost flights to Toronto, which if maintained through the winter season will help bring skiers to the region and promote domestic travel.
- Noted that before COVID-19 60% of Canadians could not afford to fly.
- Provided infographics on Kelowna Airport's Seat Capacity.
- Before COVID-19 approximately 71,000 passengers were flying to Vancouver per month through 9 airlines.
- During May 2020 this number dropped to 12,000 passengers through 2 airlines.
- October 2020 has seen an increase to approximately 35,000 passengers on 7 airlines.
- Calgary is currently the biggest market destination right now.
- As Kelowna Airport maintains low fees and charges, while maintaining operational service, this attracts airlines to Kelowna.
- Every airline is looking at their schedule through a different model. Some are planning shorter, week

by week, or into next year.

- Confirmed sun operators (ex. Mexico) are not looking to operate in the winter right now.
- Responded to questions from the committee.

Airport Director:

- Indicated that the Kelowna Airport has been in discussions with ski resorts early on in the year.
- Trying to help promote domestic travel within Canada.
- Noted that Kelowna Airport handled as much passenger traffic as Ottawa did in September 2020.
- Economic impact for recovery may take years to come back.
- Responded to questions from the Committee.

Financial Update:

Senior Airport Finance & Corporate Services Manager:

- Had to restart computer as they were experiencing technical difficulties when presentation started.

Airport Director:

- Took over by providing updates on advocacy side.
- Airports have been looking to Ottawa for financial relief.
- Have been told from the federal government there is some imminent relief coming.
- Noted that Victoria Airport has been receiving \$200,000 a month through the employee wage subsidy, which Kelowna Airport is not eligible for.
- Has been told there will be some form of support from the federal government.
- Indicated there are some airports on the verge of bankruptcy.
- Colleagues within the United States have seen relief upwards of \$10.5 billion.
- Some 40 European airports are on the verge of bankruptcy.

Senior Airport Finance & Corporate Services Manager:

- Displayed a PowerPoint presentation providing a financial update for the Kelowna Airport to the Committee.
- Provided an update on the Q3 Statement of Operations.
- Compared 9 Months Ended September 30, 2020 to 9 Months Ended September 30, 2019.
- Kelowna Airport had \$5 million surplus in for the 9 months ended September 30, 2020.
- Surplus has dropped by about 70% compared to the same period in 2019.
- Indicated that Kelowna Airport's revenue streams are directly or indirectly related passenger numbers.
- Noted that AIF revenues incurred a 50% decrease as enplaned passengers decreased 60% but the increase of the AIF from \$20 to \$25 in March 2020 partially offset the decrease in passengers.
- Noted that car rental revenues were down 40%.
- Kelowna Airport made a concerted effort to decrease their expenditures.
- Forecasting a reduction of \$1.4 million in wages compared to budget.
- Indicated that the Kelowna Airport's building maintenance is forecasted to be down \$400,000 compared to budget.
- Have reduced the use of bridges which helps reduce maintenance and janitorial.
- Noted there has been a substantial reduction for the municipal fee that is paid into the municipality as part of the payment has been deferred to 2021.
- Noted the same overcharge for electricity from 2018 that was noted at the Committee meeting in July, electricity usage has actually decreased.
- Noted the financials are as good as we could hope for, but not a bright picture due to COVID-19.
- Doing a monthly update to the financial forecasting.
- As mentioned by the Senior Airport Development Manager earlier in the Committee meeting, using

the same three recovery models (Steady Recovery, Protracted Recovery, Double Dip Recovery) for financial forecasting.

- Noted that the Double Dip Recovery model has been used for decision making.
- Based on the information available at the end of September, 2020 passengers are forecasted to decrease 60-64% compared to 2019.
- These passenger numbers are equal to those experienced during 1996-1999.
- Actual passenger numbers have been tracking between Double Dip Recovery model and Steady Recovery model.
- Reiterated to the Committee that AIF funds can only be spent on capital expenditures.
- Non-AIF funds can be spent on operating and capital expenditures.
- Identified some major shifts in the business of the Kelowna Airport to reduce spending.
- Noted operating expenditures have decreased.
- Mentioned to the Committee, that the Kelowna Airport is anticipating drawing down on their non-AIF reserves by about \$5 million in 2020.
- Mentioned how well the Kelowna Airport has done to continuously identify ways to reduce costs to put the Kelowna Airport in a better position to participate in the recovery from COVID-19.
- Noted that some of the larger Non-AIF Capital funding projects were stopped completely except for those that were contractually obligated to finish, were urgent in nature or safety based.
- AIF funds are the Kelowna Airport's largest revenue stream.
- Went over which development projects have continued through COVID-19, these included the Airside Pavement rehab – Taxiway Delta and design for ATB Expansion.
- Noted which ones development projects have been deferred which included Apron 1 South Expansion – Gates 10 and 11, Airside Lighting and Supporting Infrastructure, Self-serve Bag Drop and purchases of Airside Equipment.
- Went over debt repayment schedule.
- Noted that in 2020, Kelowna Airport paid in debt principal of approximately \$1.9 million, and just over \$500,000 in interest.
- In total there is about \$15 million to repay all loans that are outstanding and interest on the loans that are outstanding.
- Confirmed a question raised at the last Committee meeting that Kelowna Airport cannot defer or change the terms on their outstanding loans.
- Went over the Aeronautical Revenues per Landed Air Carrier Seat, which is what it costs an airline to operate per seat, compared to other airports across Canada.
- Kelowna Airport is at the low end for both Tier 1 and Tier 2 airports at \$6.07 aeronautical revenues per landed air carrier seat. Substantially less than the median average.
- Noted that there have been significant increases to AIF by airports throughout Canada.
- With Kelowna Airport maintaining the \$25 AIF fee this helps ensure YLW remains low cost, compared to other airports.
- Noted there are no proposed fee increases for 2021.
- By keeping fees low, the Kelowna Airport can generate additional air service.
- Noted that Victoria has higher and additional revenue streams which is why they have a low AIF fee of \$15.
- Responded to questions from the Committee.

Senior Airport Development Manager:

- Responded to questions from the Committee.
- Noted that there may be future expansion on the East and West lands of the Airport.
- As well as Aeronautical and non-Aeronautical revenue streams.

4. Recommendations

Moved by Andre Blanleil/Seconded by Mayor James Baker

THAT the Airport Advisory Committee receive, for information, the report from Kelowna International Airport, presented on October 29, 2020.

5. Questions & Wrap Up

6. Termination of Meeting

The Chair declared the meeting terminated at 11:21 a.m.

Chair

/rvh



YLW

Kelowna International Airport

Airport Advisory Committee Meeting

April 29, 2021

Agenda

- ▶ Call to Order, Welcome and Introductions
- ▶ Approval of Minutes
- ▶ Operational Update
- ▶ Development Update
- ▶ Financial Update
- ▶ Recommendations
- ▶ Questions



Operational Update

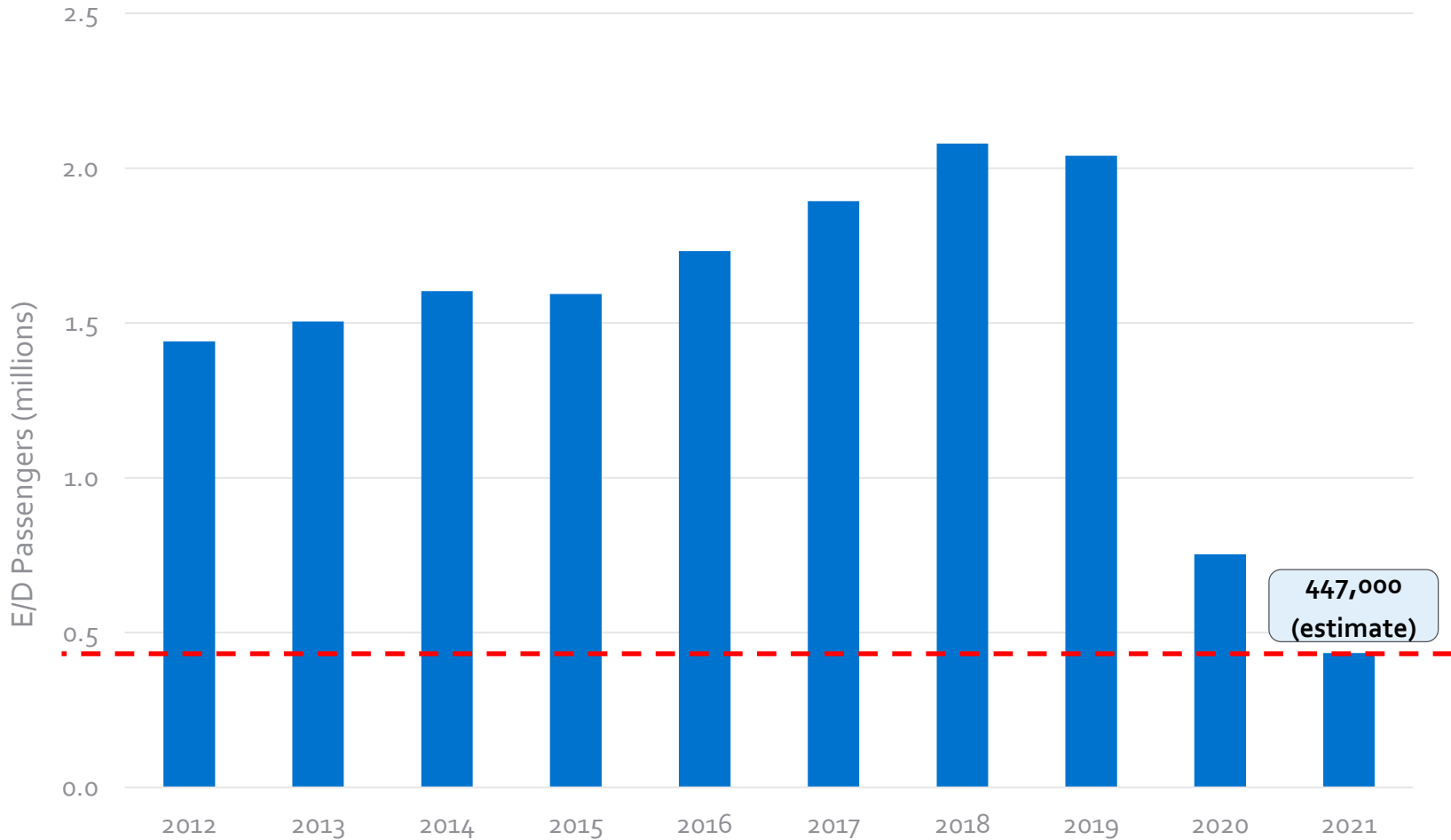
2021 Monthly Passengers

	Monthly	% Monthly	YTD	% YTD
January	31,417	-82%	31,417	-82%
February	26,892	-84%	58,309	-83%
March	30,339	-71%	88,648	-80%
Total (forecast)			447,000	-59%

Annual Comparison to pre-COVID

	Annual	% Change
2019 Total	2,032,019	
2020 Total	737,447	-64%
2021 (forecast)	447,000	-39%

2012 to 2021 Passenger Statistics



		2021 JAN	2021 FEB	2021 MAR	12 Month Total
TIER 2 AIRPORTS	YYJ Victoria	18.4	13.4	16.9	277.7
	Prior Year	132.3	132.4	81.1	1,836.0
	Pct Change	-86.1%	-89.9%	-79.2%	-84.9% ▲
	YXS Prince George	7.8	6.8	7.9	95.3
	Prior Year	40.0	41.4	25.8	477.4
	Pct Change	-80.4%	-83.5%	-69.2%	-80.0% ▲
	YLW Kelowna	31.4	26.9	30.3	372.8
	Prior Year	174.8	173.5	104.9	1,930.8
	Pct Change	-82.0%	-84.5%	-71.1%	-80.7% ▲
	YMM Fort McMurray	12.2	11.4	13.7	148.3
	Prior Year	45.7	43.5	29.0	567.3
	Pct Change	-73.4%	-73.8%	-52.9%	-73.9% ▲
	YXE Saskatoon	14.3	10.0	12.2	172.6
	Prior Year	128.8	127.4	70.1	1,417.8
Pct Change	-88.9%	-92.2%	-82.7%	-87.8% ▲	
YQR Regina	11.3	8.4	9.7	135.7	
Prior Year	102.8	105.5	55.8	1,125.4	
Pct Change	-89.0%	-92.1%	-82.6%	-87.9% ▲	
YXU London	4.0	1.6	1.6	51.3	
Prior Year	61.8	59.8	36.9	721.8	
Pct Change	-93.6%	-97.3%	-95.7%	-92.9% ▲	
YHM Hamilton	5.5	3.2	4.4	133.1	
Prior Year	77.9	80.0	50.9	936.7	
Pct Change	-92.9%	-96.0%	-91.4%	-85.8% ▲	
YTZ Toronto City	0.0	0.0	0.0	0.0	
Prior Year	152.8	157.8	81.1	2,607.1	
Pct Change	#N/A	#N/A	#N/A	#N/A ▲##	
YQB Quebec City	13.0	7.9	8.9	135.3	
Prior Year	167.0	164.9	97.5	1,736.1	
Pct Change	-92.2%	-95.2%	-90.9%	-92.2% ▲	
YQM Moncton	6.1	4.8	5.8	59.0	
Prior Year	42.2	51.0	37.9	646.1	
Pct Change	-85.5%	-90.6%	-84.7%	-90.9% ▲	
YYG Charlottetown	2.2	1.2	1.5	25.7	
Prior Year	19.2	17.8	13.8	379.3	
Pct Change	-88.3%	-93.1%	-89.1%	-93.2% ▲	
TOTAL TIER 2	126.2	95.5	112.9	1,606.8	
	1,145.4	1,155.0	684.8	14,381.7	
	-89.0%	-91.7%	-83.5%	-88.8%	



- 6th busiest in Canada
- Ahead of Ottawa and Halifax
- Positioned for recovery

Ongoing Staffing Reductions

Continuing to operate with reduced staffing levels

- 10.5 positions remain unfilled (24% of total team)
- 5 staff positions working on 80% work share
- Remaining staff have taken on increased portfolios

Staffing levels based on available “meaningful work”

- Moved groundside maintenance temporarily in house
- Airside security patrols moved in house
- Construction escorting moved in house

Continuing to meet regulatory requirements

- Safety management system
- Aircraft rescue & fire fighting
- Wildlife control
- Runway inspections and surface condition reporting
- Operations centre

Ongoing Operational Reductions

Airside

- 4 of 10 operational stands remain out of service

Groundside

- Valet service remains closed
- Several parking lots remain closed

Agency status

- Security screening continuing to operate at reduced hours and capacity
- CBSA (customs) remains closed to arriving commercial flights
- Ambassador, Junior Ambassador and Ambassadorog programs remain suspended

Terminal Building Operations

Food and Beverage Services

- Groundside Whitespot Closed
- Groundside Tim Hortons Take out only
- Airside Subway and Tim Hortons Open (limited hours)
- Airside Whitespot Open for dine in
- Current provincial order exempts food services post security at airports

Health protocols

- Masks mandatory in all areas of the building and on aircraft
- Passenger temperature screening at pre-board security checkpoint
- Employee temperature screening at employee security checkpoints
- Enhanced cleaning protocols for all public areas
- WCB and Health Canada protocols for all office and private leased space

Temporary reduction of Prime Contractor Services

- Reduced terminal building operating hours
- Reduced number of contractor staff hours on site
- Reduced service level in non critical operating areas (baggage jams, general maintenance, response times)

Mandatory Temperature Screening



Rapid Testing Program



WORKCAMP
CHARTERS

TRAVELLING
PUBLIC

CAMPUS
EMPLOYEES

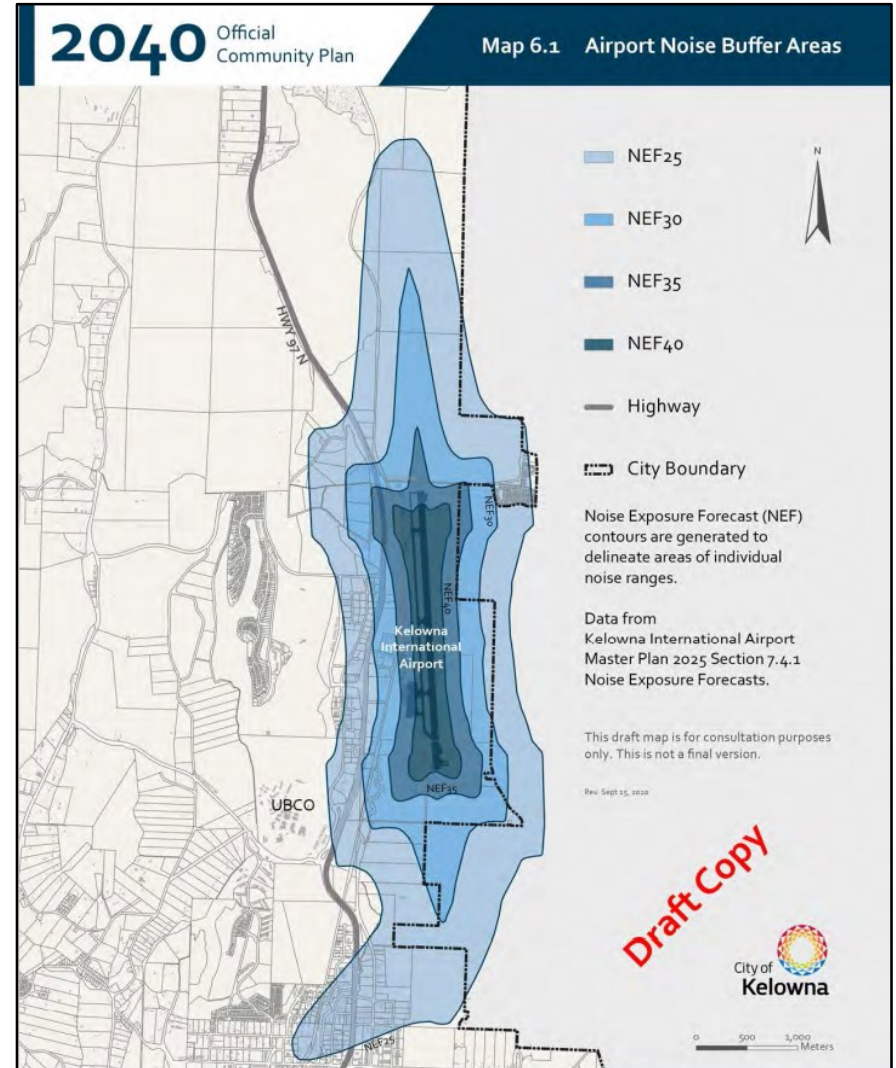
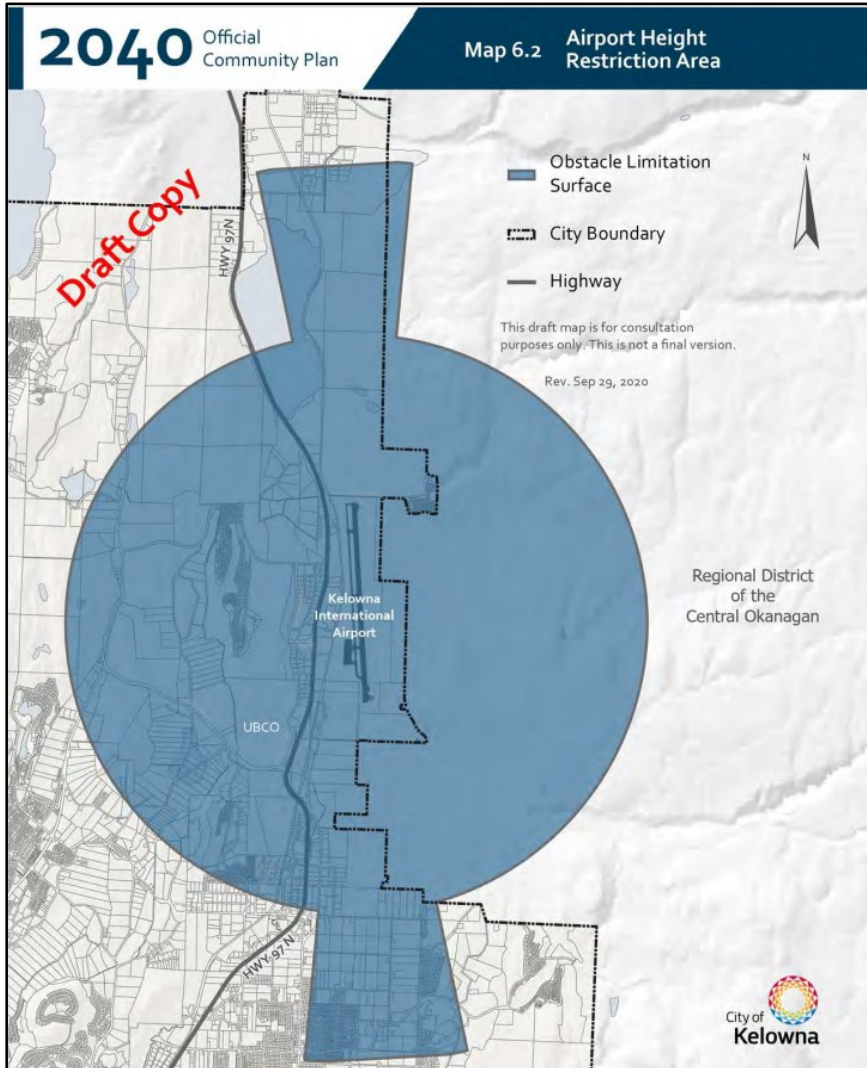


ACI/NA Health Accreditation



- ▶ International program
- ▶ Cleaning protocols
- ▶ Employee distancing and shift changes
- ▶ Passenger queuing while collecting baggage and boarding aircraft
- ▶ Availability and location of hand sanitizer
- ▶ Public communication of the program
- ▶ Daily employee health checks
- ▶ Protocols for employees who are showing symptoms

Official Community Plan Engagement





Development Update

Project Development Update

Soaring Beyond 2.5 Million Passengers

- ▶ Design development of ATB expansion
 - ▶ VE exercise is complete
 - ▶ Design to 90% is in the final phase
 - ▶ Current cost will be derived from the 90% design
 - ▶ Construction timeline TBD
- ▶ Airside pavement rehabilitation
 - ▶ Intersection of Delta and Alpha – complete
 - ▶ Taxiway Delta is planned for rehabilitation after contract realignment

Project Development Update

Soaring Beyond 2.5 Million Passengers

- ▶ Projects deferred due to COVID-19
 - ▶ Delta rehab – Phase 2
 - ▶ Apron 1 south expansion design
 - ▶ Airside lighting and supporting infrastructure design
 - ▶ Self-serve bag drop consultation
 - ▶ Airside equipment purchase
- ▶ The majority of these projects are currently being assessed for restart based on operational requirements and financial implications.

Project Development Update

Soaring Beyond 2.5 Million Passengers

- ▶ Financial Goals – remain the same
 - ▶ AIF equal to or below \$25.00/enplaned passenger
 - ▶ Maximum debt level of \$40,000,000
 - ▶ Debt level less than \$20,000,000 at the end of the Program
 - ▶ Positive reserve balance at the end of the Program

Commercial Development Update

- ▶ 14 current opportunities that we are progressing at various levels of interest.
- ▶ Large scale retail/commercial development covering 8 acres over multiple years
- ▶ Hotel and parkade complex adjoining the terminal
- ▶ Commercial development at north end of West Lands
- ▶ Airport Lounge in the airport terminal expansion
- ▶ East Lands development ready for commercial with interested developers

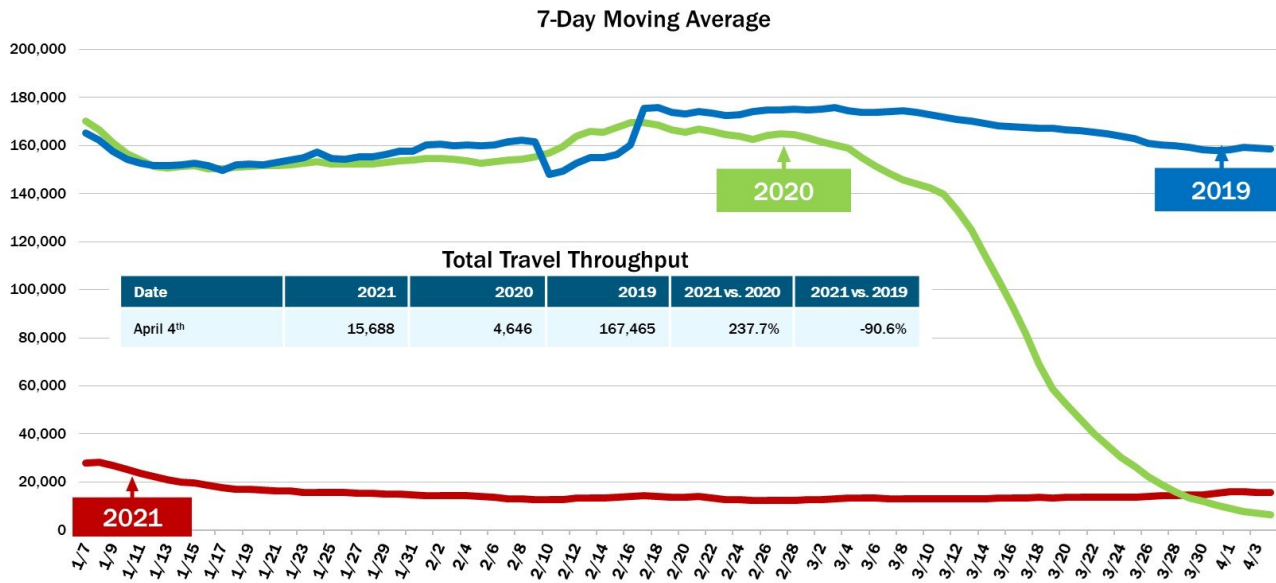
Air Service Development Update

Air Traffic Recovery: Where are we at?



9.4%

Traffic Recovered
(versus 2019)



Canada lags in traffic recovery with most other geographies

Traffic Recovered (versus 2019 levels)



57%

as of April 6th 2021



22%

Q1 2021



42%

Q1 2021

Domestic Traffic Recovered During 2020 Peak Month

Recovered to 2019 levels



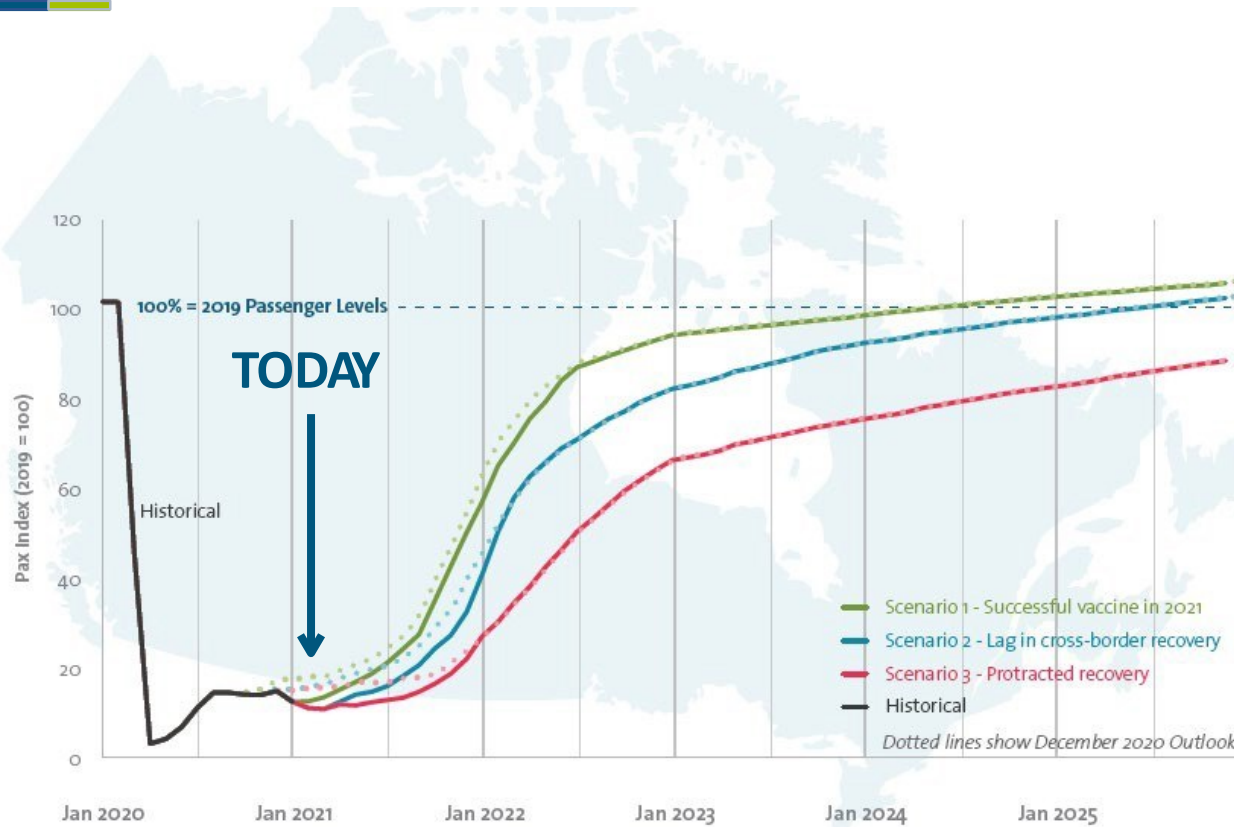
China



Russia

Air Service Development Update

What Will Recovery Look Like in Canada?



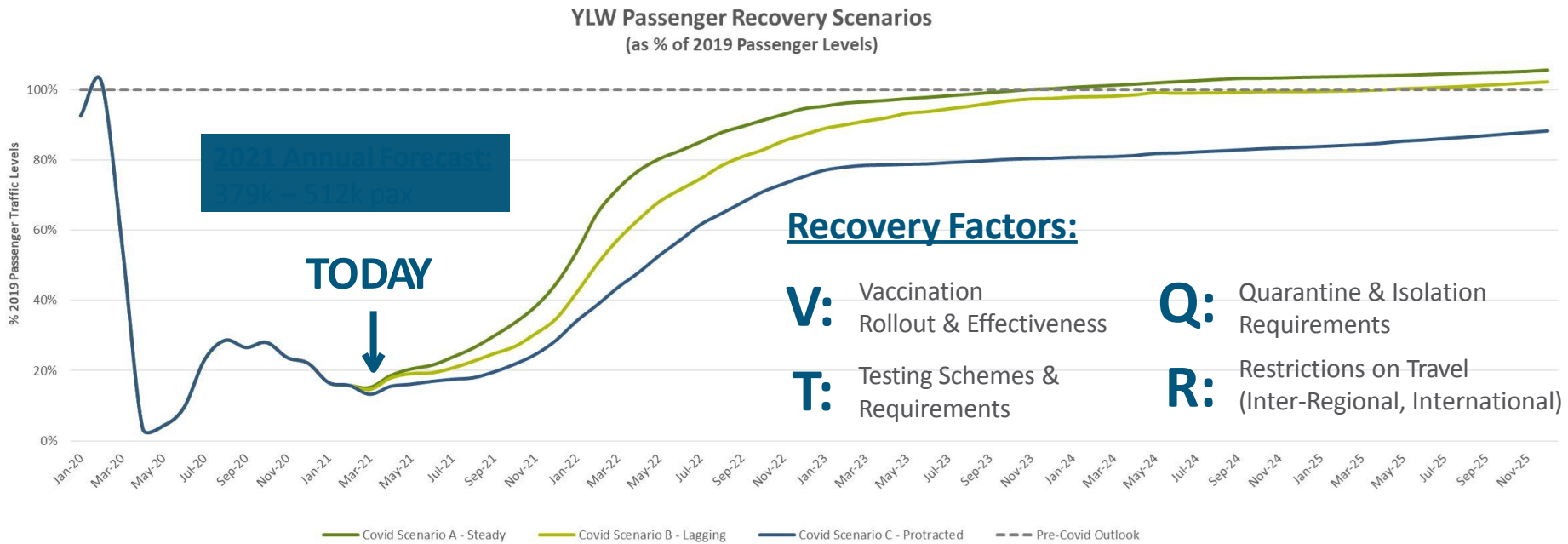
Wide-Reaching Industry Impacts:



Source: InterVISTAS Analysis

Air Service Development Update

YLW Traffic Will Recover Under Various Scenarios



Source: InterVISTAS Analysis; Recovery Forecast as of 18 March 2021

Air Service Development Update

As a result of our Air Service Recovery Strategy - YLW now has thirteen non-stop domestic destinations, with multiple airlines, four more than pre-COVID!

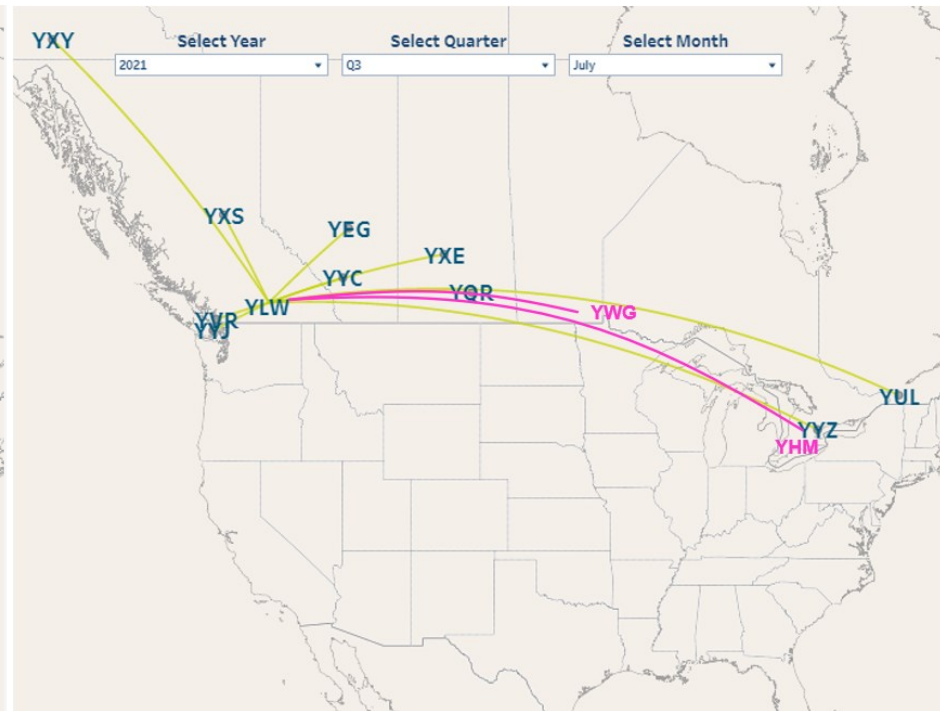
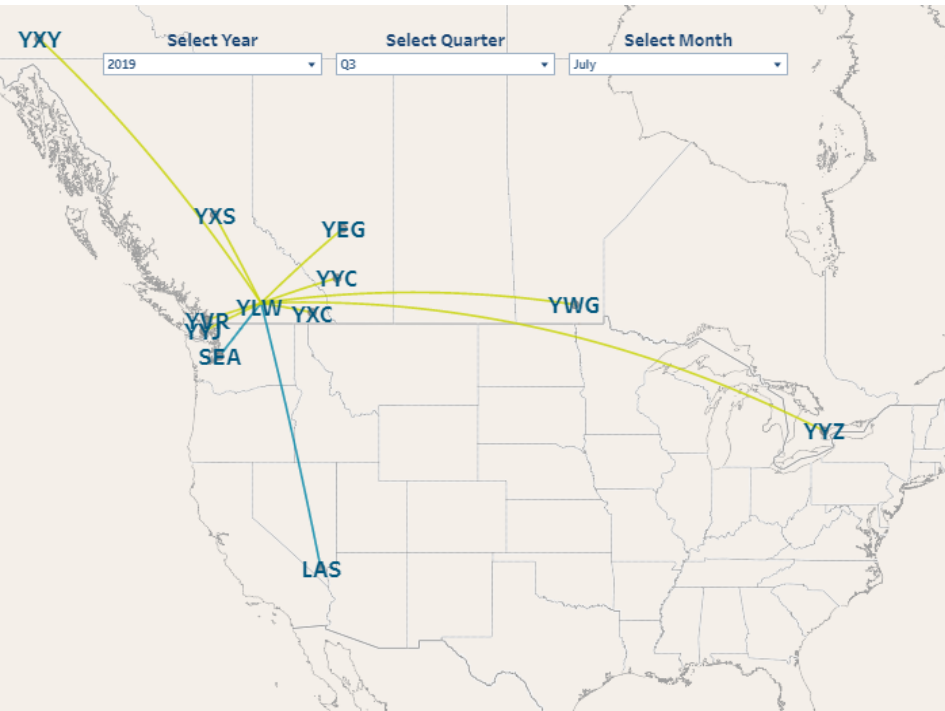


- ▶ Fees and charges have been held without increase where other airports have increased fees by as much as 35%
- ▶ Regular and frequent airline interaction at senior level
- ▶ Community and regional partner engagement to drive seat demand

2019 Summer Air Service vs. 2021

2019 – 9 domestic destinations

2021 – 13 domestic destinations

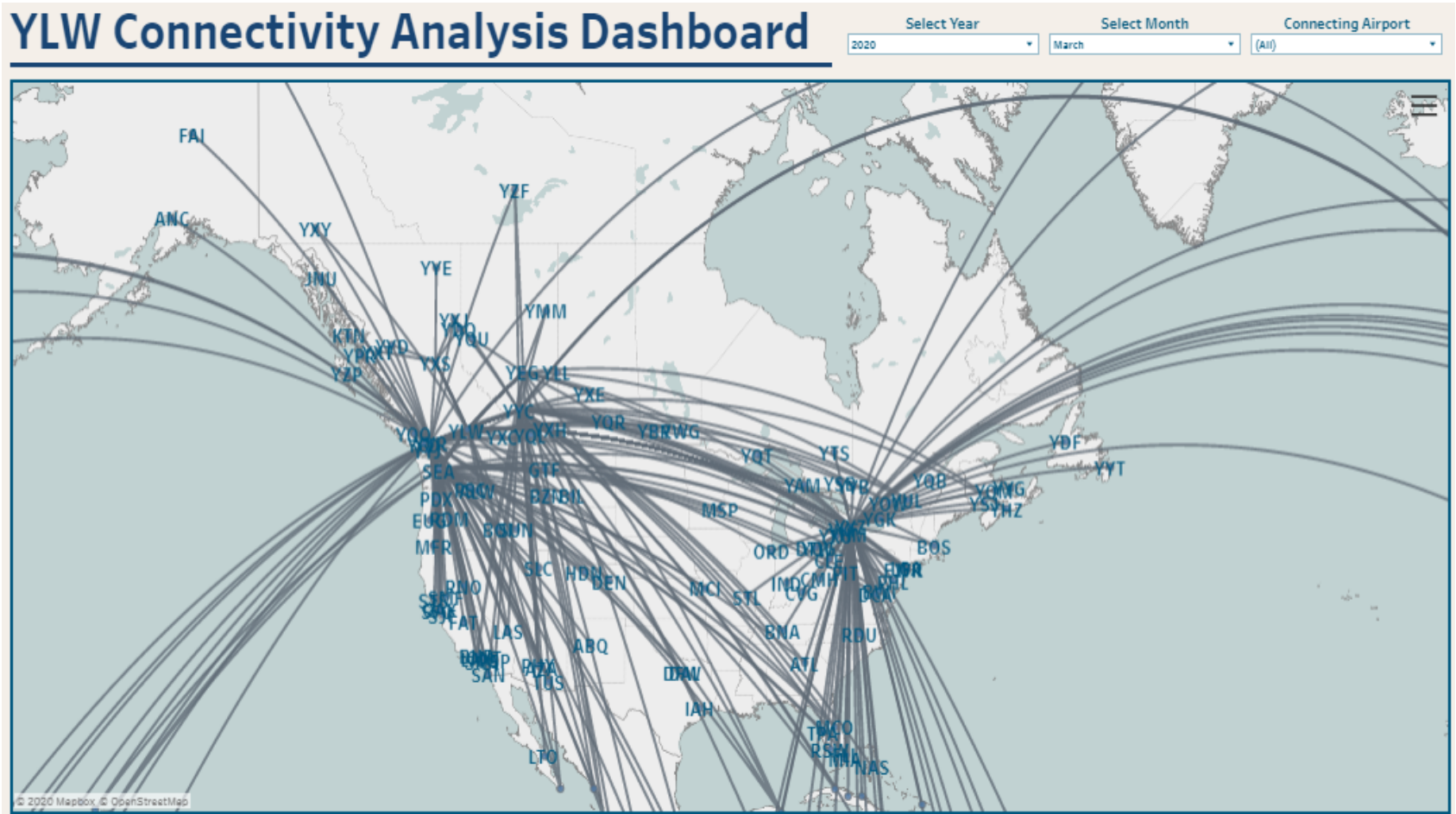


2019:
 Canada – Whitehorse, Victoria, Vancouver, Prince George,
 Cranbrook, Calgary, Edmonton, Winnipeg and Toronto
 USA – Seattle, Las Vegas

2021:
 Canada – Whitehorse, Victoria, Vancouver, Prince George, Calgary,
 Edmonton, Saskatoon, Regina, Winnipeg, Hamilton, Toronto,
 Ottawa, Montreal

Air Service Development Update

Connectivity – March 2020



4 hour Connectivity May 2020

YLW Connectivity Analysis Dashboard

2020 Select Year May Select Month All Connecting Airport



© 2021 Mapbox © OpenStreetMap

Includes any online connections within one-stop and a maximum connect time of 4 hours.

Max circuitry in view: 83%

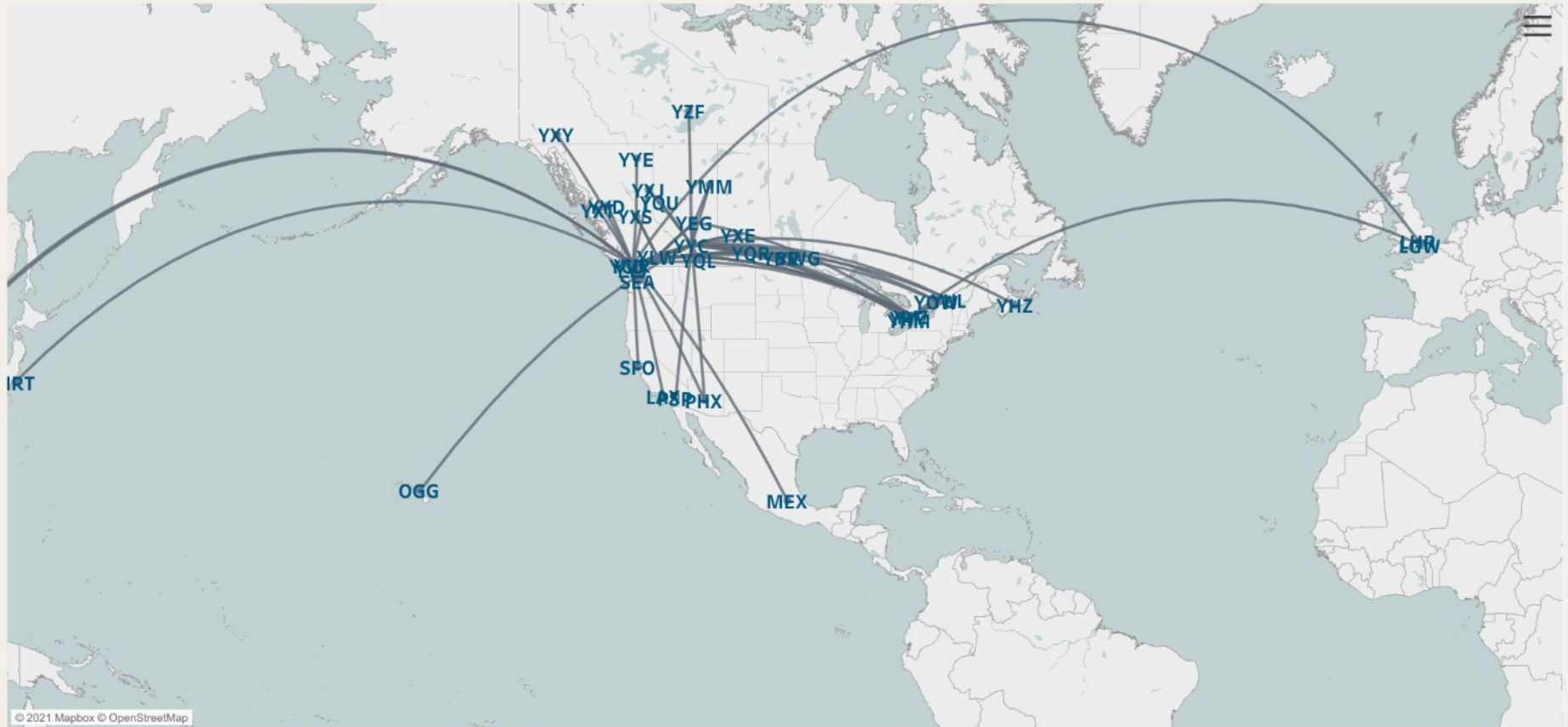
Source: Innovata Schedules via Diio. Schedules as of April 19, 2021



4 hour Connectivity May 2021

YLB Connectivity Analysis Dashboard

2021 Select Year
May Select Month
All Connecting Airport



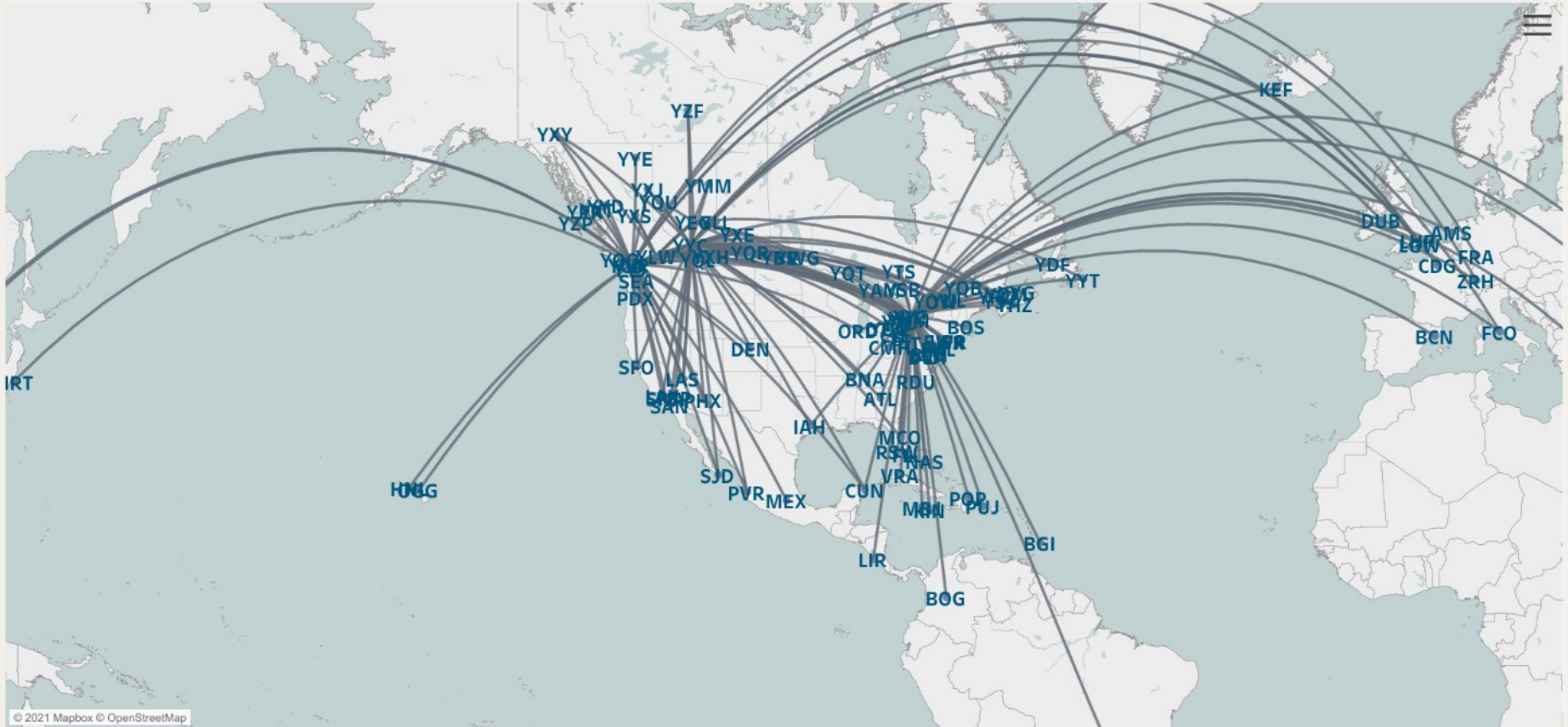
Includes any online connections within one-stop and a maximum connect time of 4 hours.
Max circuitry in view: 83%
Source: Innovata Schedules via Diio. Schedules as of April 19, 2021



4 hour Connectivity August 2021

YLW Connectivity Analysis Dashboard

2021 Select Year August Select Month All Connecting Airport



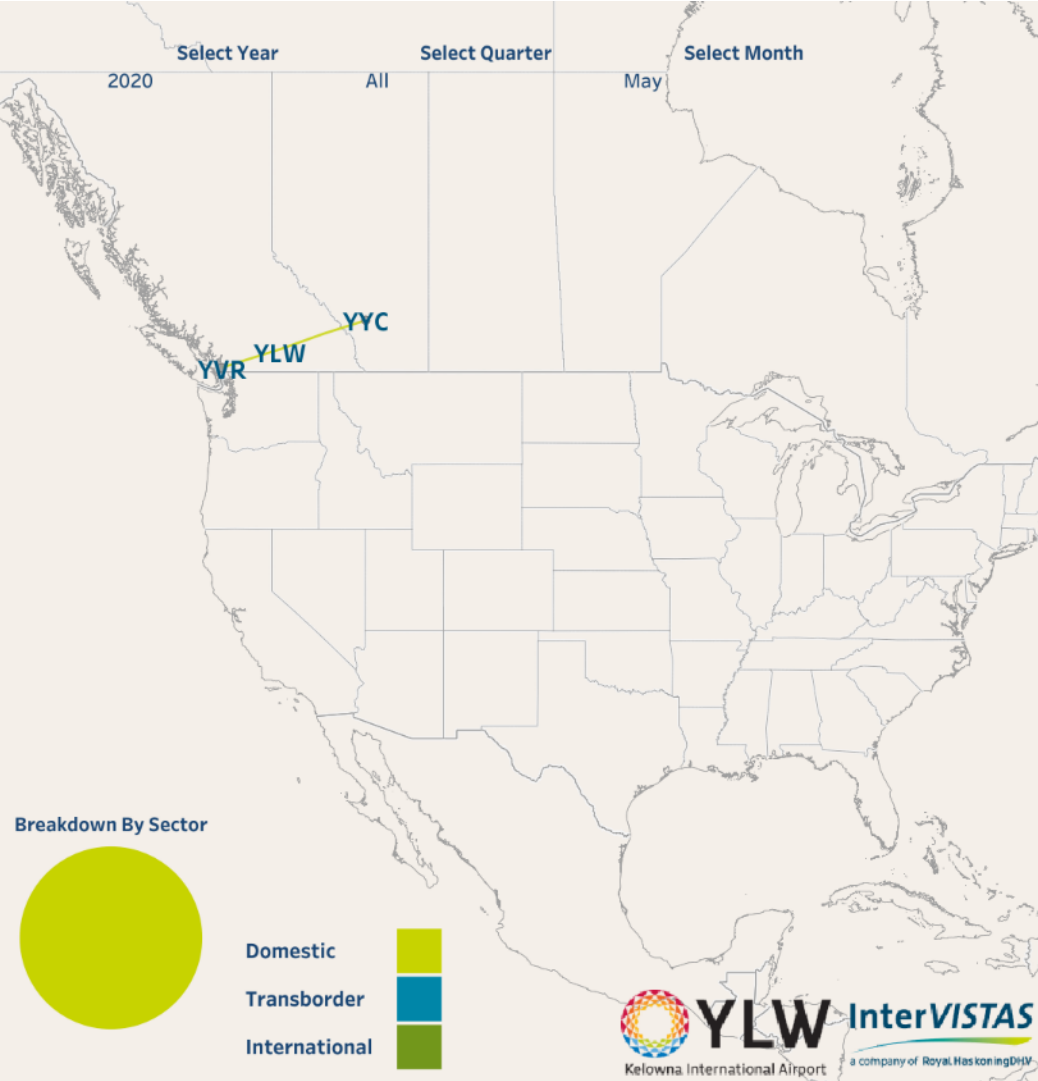
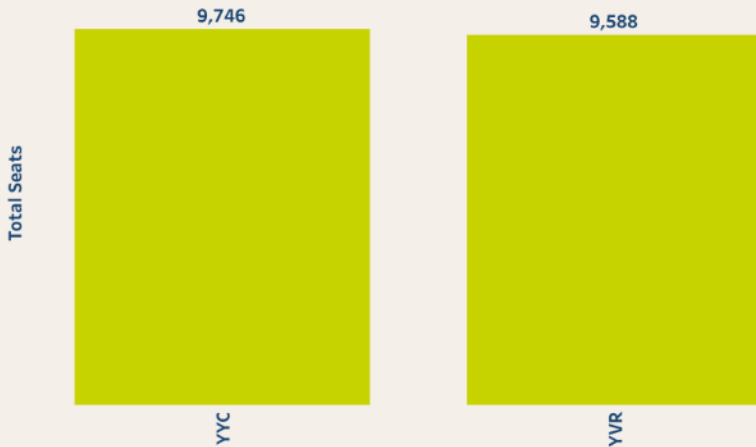
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Includes any online connections within one-stop and a maximum connect time of 4 hours.
Max circuitry in view: 83%
Source: Innovata Schedules via Diio. Schedules as of April 19, 2021



Seat Capacity May 2020

YLW Seat Capacity Dashboard

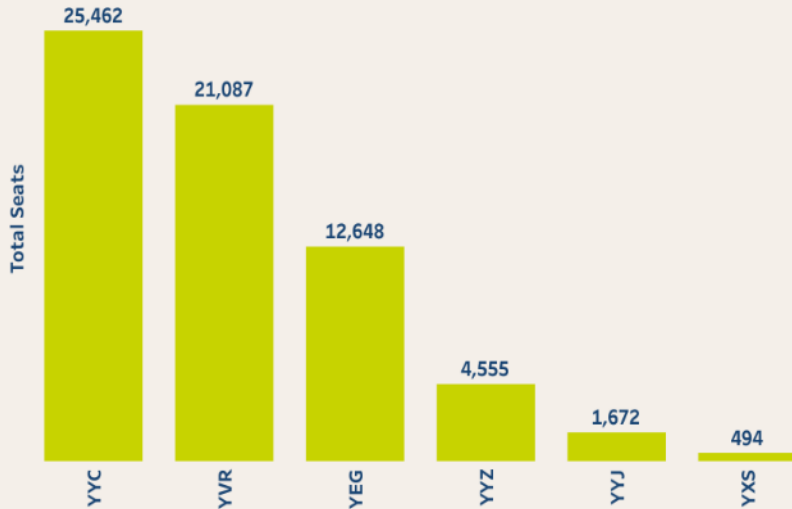
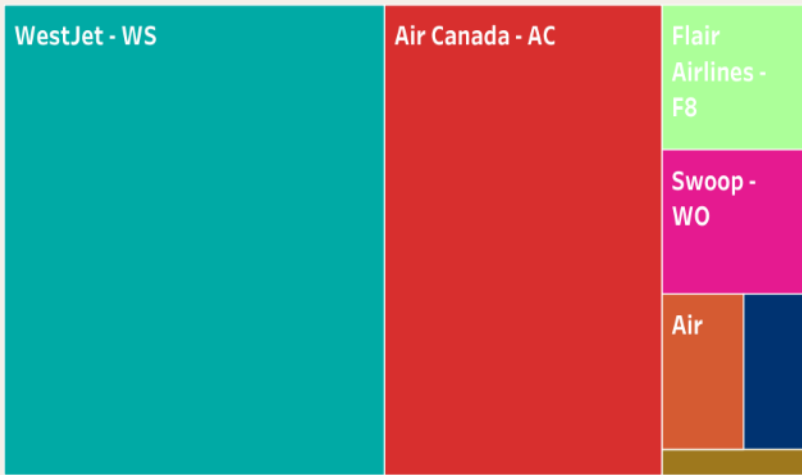


Source: Innovata Schedules via Diio. Schedules as of April 19, 2021

Seat Capacity May 2021

YLW Seat Capacity Dashboard

Select Year: 2021 | Select Quarter: All | Select Month: May



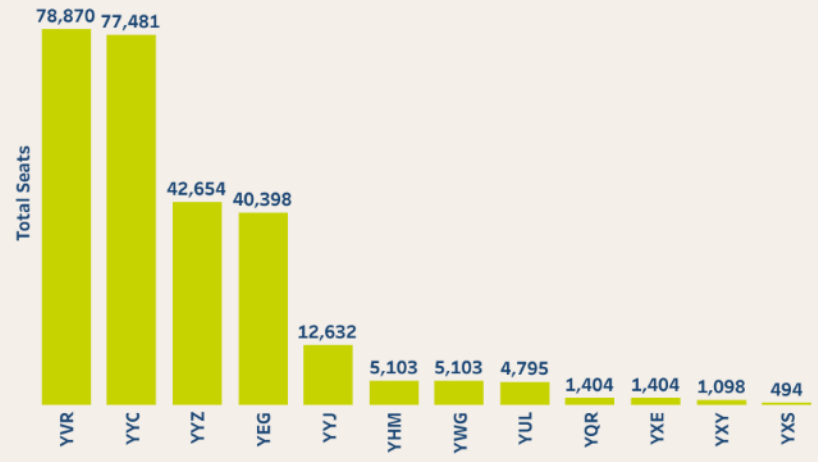
Breakdown By Sector



Seat Capacity August 2021

YLW Seat Capacity Dashboard

Select Year: 2021 | Select Quarter: All | Select Month: August



Breakdown By Sector



Source: Innovata Schedules via Diio. Schedules as of April 19, 2021

May Year on Year seat capacity growth

YLW Monthly Seat Benchmark

Select Timeframe
Monthly

Select Year
2021

Select Quarter
None

Select Month
May

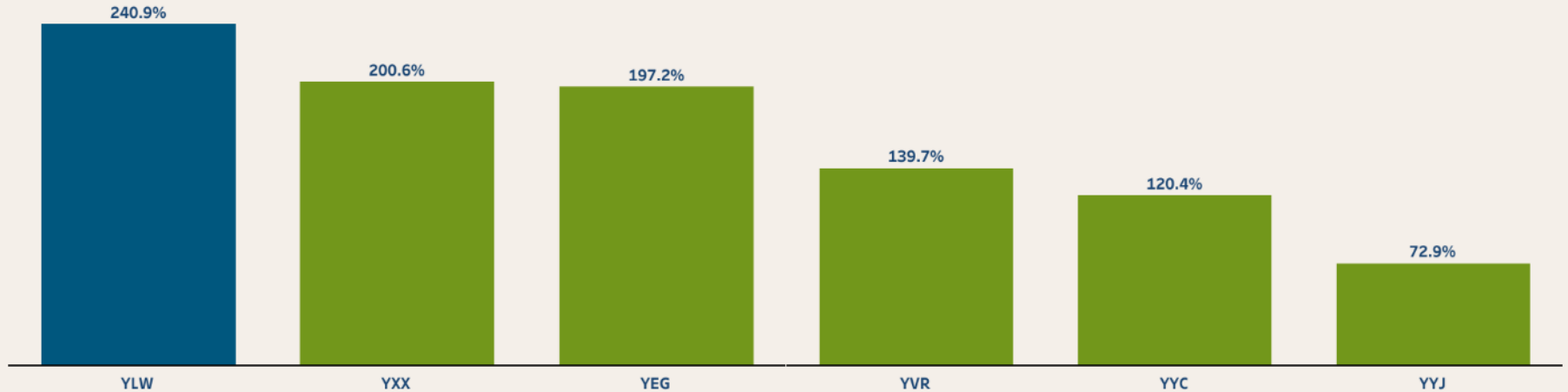
Kelowna International Airport, by destination served

Select a destination airport to filter Seat Benchmark

	Grand Total	YYC	YVR	YEG	YYZ	YYJ	YXS
May 2020	19,334	9,746	9,588	0	0	0	0
May 2021	65,918 240.9%	25,462 161.3%	21,087 119.9%	12,648	4,555	1,672	494

Monthly Seat Benchmark, by selected airports

YoY Growth in Seats, Monthly (%)





YLW

Kelowna International Airport



Financial Update



Financial Update – 2020

KELOWNA INTERNATIONAL AIRPORT

Statement of Operations and Accumulated Surplus For the Year Ended December 31, 2020

	Budget 2020	Actual 2020	Actual 2019
Revenue			
Sale of services (Note 12)	\$ 22,244,000	\$ 11,536,000	\$ 22,217,000
Interest earned	158,000	301,000	660,000
Government transfers (Note 13)	216,000	1,149,000	297,000
Actuarial increase	-	194,000	128,000
Gain on disposal of tangible capital assets	-	-	7,000
	<u>22,618,000</u>	<u>13,180,000</u>	<u>23,309,000</u>
Airport Improvement Fee (Note 11)	23,810,000	7,351,000	16,609,000
	<u>46,428,000</u>	<u>20,531,000</u>	<u>39,918,000</u>
Expenses (Note 14)			
Administration	5,076,000	3,592,000	4,433,000
Interest	584,000	584,000	584,000
Terminal operations	5,380,000	5,445,000	6,267,000
Airport improvement fee	31,000	5,144,000	5,445,000
Airport policing	197,000	173,000	193,000
Groundside operations	3,036,000	3,305,000	3,437,000
Airside operations	4,295,000	3,711,000	4,188,000
Write-down of tangible capital assets	-	-	196,000
	<u>18,599,000</u>	<u>21,954,000</u>	<u>24,743,000</u>
Annual Surplus (Deficit)	<u>\$ 27,829,000</u>	<u>(1,423,000)</u>	<u>15,175,000</u>
Accumulated Surplus, beginning of year		<u>168,160,000</u>	<u>152,985,000</u>
Accumulated Surplus, end of year		<u>\$ 166,737,000</u>	<u>\$ 168,160,000</u>

Financial Update – 2020

Statement of Cash Flows For the Year Ended December 31, 2020

	Actual 2020	Actual 2019
Net inflow (outflow) of cash and cash equivalents related to the following activities:		
Operating		
Annual (deficit) surplus	\$ (1,423,000)	\$ 15,175,000
Adjustment for non-cash items		
Amortization of tangible capital assets	7,748,000	7,850,000
Actuarial adjustment on debenture debt	(194,000)	(128,000)
Write-down of tangible capital assets	-	196,000
Decrease (increase) in assets		
Accounts receivable	2,397,000	(483,000)
Inventory and prepaid expenses	138,000	6,000
(Decrease) increase in liabilities		
Accounts payable	(1,012,000)	793,000
Performance deposits	(99,000)	5,000
Deferred revenue	(267,000)	323,000
	<u>7,288,000</u>	<u>23,737,000</u>
Capital		
Acquisition of tangible capital assets	(5,369,000)	(14,773,000)
Proceeds from disposal of tangible capital assets	-	12,000
	<u>(5,369,000)</u>	<u>(14,761,000)</u>
Investing		
Change in investments	2,381,000	(6,364,000)
Financing		
Increase in long term payable	1,093,000	-
Repayment of mortgage payable	(900,000)	(900,000)
Repayment of debenture debt	(1,897,000)	(1,897,000)
	<u>(1,704,000)</u>	<u>(2,797,000)</u>
Net increase (decrease) in cash and cash equivalents	2,596,000	(185,000)
Cash and cash equivalents, beginning of year	1,080,000	1,265,000
Cash and cash equivalents, end of year	<u>\$ 3,676,000</u>	<u>\$ 1,080,000</u>

Financial Update – 2020

Statement of Financial Position As at December 31, 2020

	Actual 2020	Actual 2019
Financial Assets		
Cash and cash equivalents	\$ 3,676,000	\$ 1,080,000
Accounts receivable	2,052,000	4,449,000
Portfolio investments	29,087,000	31,468,000
	<u>34,815,000</u>	<u>36,997,000</u>
Liabilities		
Accounts payable	2,904,000	3,916,000
Performance deposits	211,000	310,000
Deferred revenue	214,000	482,000
Mortgage payable (Note 3)	900,000	1,800,000
Long term payable (Note 4)	1,093,000	-
Debenture debt (Note 5)	14,062,000	16,153,000
	<u>19,384,000</u>	<u>22,661,000</u>
Net Financial Assets	<u>15,431,000</u>	<u>14,336,000</u>
Non-Financial Assets		
Prepaid expenses	107,000	179,000
Inventory	210,000	277,000
Work in progress (Note 6)	6,557,000	7,047,000
Tangible capital assets (Note 7)	144,432,000	146,321,000
	<u>151,306,000</u>	<u>153,824,000</u>
Accumulated Surplus (Note 8)	<u>\$ 166,737,000</u>	<u>\$ 168,160,000</u>

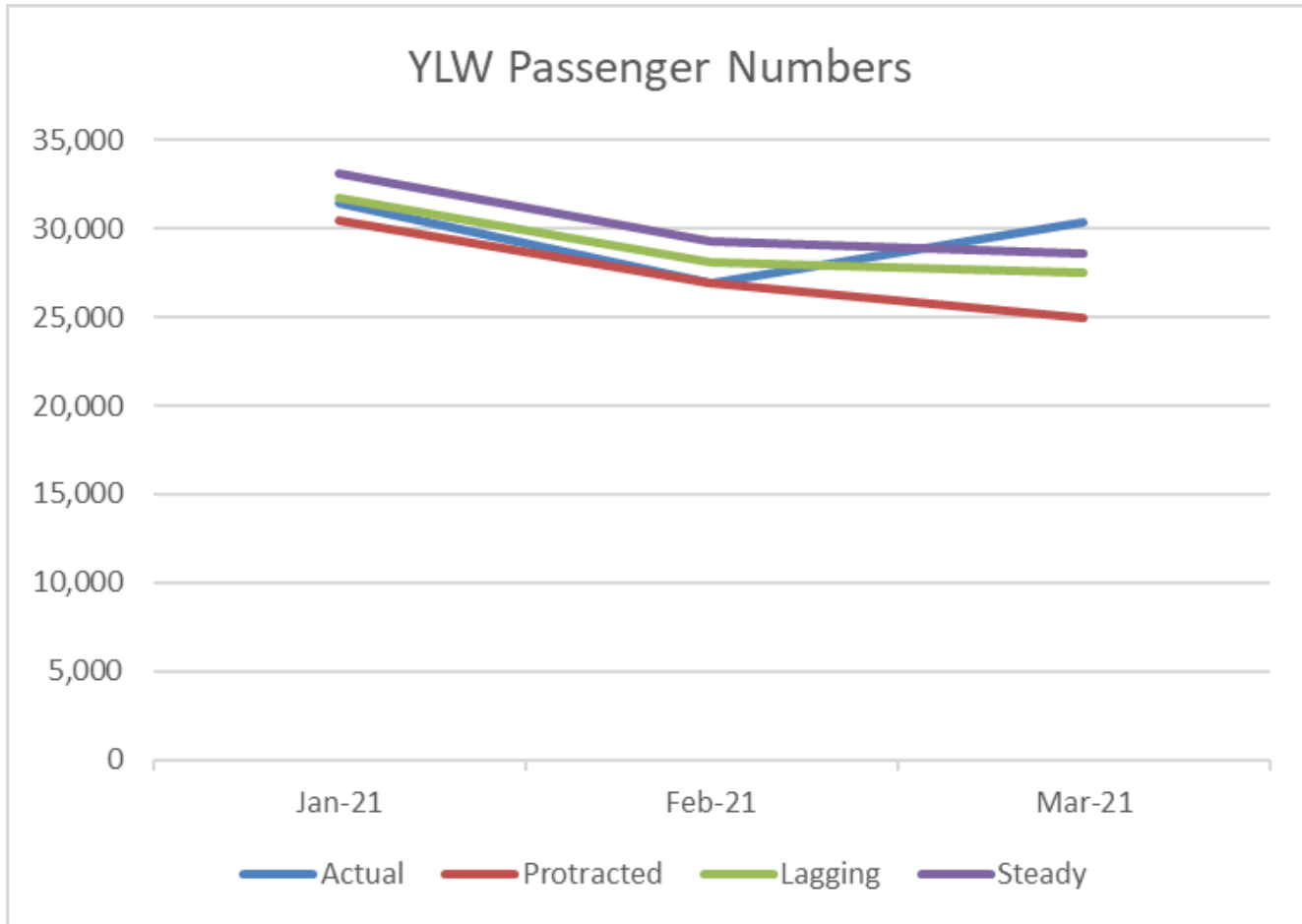
COVID-19 Financial Forecasting

▶ 3 Passenger Scenarios for 2021

Month	Steady	Lagging	Protracted
	Total	Total	Total
Total	514,176	447,242	384,556
	Pre 1996 -30%	Pre 1996 -39%	Pre 1996 -48%

- ▶ Lagging scenario is being used for decision making purposes
 - ▶ Forecasting 39% decrease in passengers compared to 2020

COVID-19 Financial Forecasting



COVID-19 Financial Forecasting - Non-AIF

	2021 Budget	Steady	Lagging	Protracted
Revenues	8,982,000	9,624,000	8,799,000	8,025,000
Interest Income	155,000	155,000	155,000	155,000
Operating Expenditures	(14,181,000)	(13,750,000)	(13,750,000)	(13,750,000)
Payment to COK	(1,989,000)	(1,989,000)	(1,989,000)	(1,989,000)
Capital Expenditures	(434,000)	(599,000)	(599,000)	(599,000)
Acquisition of Property	-	-	-	-
Debt Payments*	(900,000)	(900,000)	(900,000)	(900,000)
Total	(8,367,000)	(7,459,000)	(8,284,000)	(9,058,000)
Opening Reserve	17,638,000	20,212,000	20,212,000	20,212,000
Ending Reserve	9,271,000	12,753,000	11,928,000	11,154,000

COVID-19 Financial Forecasting - Non-AIF

- ▶ Forecasted operating expenditures (\$15.7M)
 - ▶ Salaries and wages (\$4.0M)
 - ▶ Facility maintenance (\$3.6M)
 - ▶ Municipal Admin and Services Fees (\$2.0M)
 - ▶ Security expense (\$0.8M)
 - ▶ Professional and consulting services (\$0.8M)
 - ▶ Purchase services (\$0.6M)
 - ▶ Electricity (\$0.6M)
 - ▶ Software maintenance (\$0.5M)

COVID-19 Financial Forecasting - Non-AIF

- ▶ Forecasted capital expenditures (\$600k)
 - ▶ ATB improvements (\$280k)
 - ▶ Small capital projects (\$170k)
 - ▶ Airside equipment attachments (\$80k)
 - ▶ Long-term and Convair Way parking lot upgrades (\$40k)
 - ▶ Integrated security network (\$30k)

COVID-19 Financial Forecasting - AIF

	2021 Budget	Steady	Lagging	Protracted
Revenues*	5,860,000	5,759,000	5,002,000	4,294,000
Interest Income	131,000	131,000	131,000	131,000
Operating Expenditures	-	-	-	-
Capital Expenditures	(7,562,000)	(7,555,000)	(7,555,000)	(7,555,000)
Debt Payments**	(2,481,000)	(2,481,000)	(2,481,000)	(2,481,000)
Total	(4,052,000)	(4,146,000)	(4,903,000)	(5,611,000)
Opening Reserve	11,591,000	11,591,000	11,591,000	11,591,000
Ending Reserve	7,539,000	7,445,000	6,688,000	5,980,000

COVID-19 Financial Forecasting - AIF

- ▶ Forecasted capital expenditures (\$7.6M)
 - ▶ Taxiway Delta rehab (\$5.0M)
 - ▶ ATB expansion design (\$1.7M)
 - ▶ Parking lot equipment replacement (\$0.5M)
 - ▶ Taxiway Echo rehab (\$0.3M)
 - ▶ Bridge mechanical upgrades (\$0.05M)
 - ▶ Self-serve bag drop consultation (\$0.05M)
 - ▶ Light-standard replacement (\$0.03M)

Financial Update

▶ Debt Repayment Schedule

	2021 (Remaining)	2022	2023	2024	2025	2026	2027	Total
Principal	901,000	1,897,000	1,897,000	1,897,000	1,897,000	1,258,000	698,000	10,445,000
Interest	292,000	584,000	584,000	584,000	584,000	333,000	112,000	3,073,000
Total	1,193,000	2,481,000	2,481,000	2,481,000	2,481,000	1,591,000	810,000	13,518,000

▶ Paid in 2021

- ▶ Principal: \$996,000
- ▶ Interest: \$292,000

▶ Municipal Finance Authority Loans

- ▶ \$7.5M (2.75%) – October 2015
- ▶ \$3.5M (2.60%) – April 2016
- ▶ \$3.0M (2.10%) – October 2016
- ▶ \$8.0M (2.80%) – April 2017

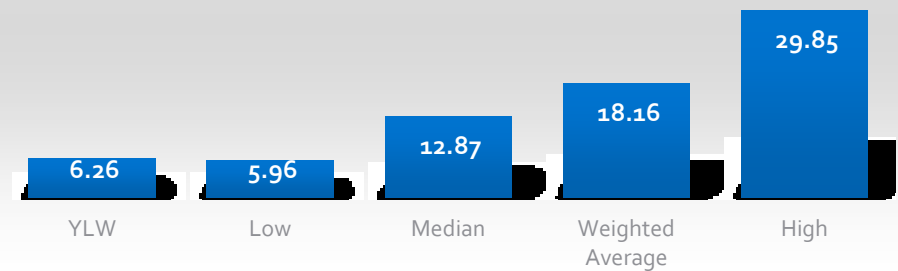
Fees and Charges

► Aeronautical Revenues per Landed Air Carrier Seat

Tier 2 Aeronautical Revenues per Landed Carrier Seat
(12 Months Ended Sept. 30, 2020)



Tier 1 & 2 Aeronautical Revenues per Landed Carrier Seat
(12 Months Ended Sept. 30, 2020)



Fees and Charges

▶ Airport Improvement Fee

AIF	Airport(s)
\$ 42.00	St. John's
\$ 40.00	Fort McMurray
\$ 38.00	Winnipeg
\$ 35.00	Montreal, Calgary, Ottawa, Halifax, Quebec City
\$ 30.00	Edmonton
\$ 29.00	Moncton
\$ 25.00	Pearson, Vancouver, Kelowna, Hamilton, Prince George
\$ 23.00	Saskatoon
\$ 15.00	Victoria, Billy Bishop
\$ -	Abbotsford



Recommendations

Recommendations

- ▶ That the Airport Advisory Committee receive, for information, the report from Kelowna International Airport, presented on April 29, 2021.



Questions?

For more information, visit ylw.kelowna.ca.