

# Airport Advisory Committee

## AGENDA



Thursday, October 3, 2024

9:00 am

Airport Administration Boardroom

Kelowna International Airport

1-5533 Airport Way

Kelowna, BC

Pages

1. **Call to Order, Welcome and Introductions - Chair Mayor Tom Dyas**
2. **Confirmation of Minutes** 2 - 4  
Approve Minutes of the Meeting of May 29, 2024.
3. **Reports** 5 - 46
  - 3.1 **Opening Remarks - Sam Samadar, Airport Chief Executive Officer**
  - 3.2 **Airport Next Survey Results - Geoff Ritchie, Director, Commercial & Air Service**
  - 3.3 **Air Service Development Update - Geoff Ritchie, Director, Commercial & Air Service**
  - 3.4 **Capital Projects Update - Geoff Ritchie, Director, Commercial & Air Service**
  - 3.5 **Financial Overview & Recommendations - Shayne Dyrdal, Director, Finance & Corporate Services**
4. **Questions & Wrap Up**
5. **Termination of Meeting**



## **Airport Advisory Committee**

### **Minutes**

Date:	Wednesday, May 29, 2024
Time:	9:00 am
Location:	Airport Administration Boardroom Kelowna International Airport 1-5533 Airport Way Kelowna, BC
Members Present	Chair, Mayor Tom Dyas, City of Kelowna Chief Robert Louie, Westbank First Nation Lesley Cormack, Deputy Vice-Chancellor, UBCO Paula Quinn, Kelowna Chamber of Commerce Councillor Mohini Singh, City of Kelowna Blair Ireland, Mayor, District of Lake Country Gord Milsom, Mayor, City of West Kelowna Terry Condon, Councillor, District of Peachland Kelly Watt, Chair, Tourism Kelowna Kevin Kraft, Director, Regional District of Central Okanagan Akbal Mund, Councillor, City of Vernon Councillor Louise Wallace Richmond, City of Salmon Arm Amber Hall, Greater Westside Board of Trade Julius Bloomfield, Mayor, City of Penticton
Members Absent	Grant Stevens, KF Aerospace, Aviation Industry Representative Corie Griffiths, Regional District of Central Okanagan Krista Mallory, Economic Development Commission Roch Fortin, Summerland Chamber of Commerce
Members Participating Remotely	Martin Von Holst, Greater Vernon Chamber of Commerce
Staff Present	City Manager, Doug Gilchrist, City of Kelowna, Chief Executive Officer, Sam Samaddar, City of Kelowna, YLW, Director, Finance & Corporate Services, Shayne Dyrdal, City of Kelowna, YLW Director, Commercial & Air Service, Geoff Ritchie, City of Kelowna, YLW Director, Operations & Innovation, Phillip Elchitz, City of Kelowna, YLW
Staff Participating Remotely	Legislative Coordinator (Confidential), Clint McKenzie

#### **1. Call to Order, Welcome and Introductions - Chair, Mayor Tom Dyas**

The Chair called the meeting to order at 9:07 a.m. and led roundtable introductions.

## 2. Confirmation of Minutes

Moved By Julius Bloomfield/Seconded By Louise Wallace Richmond

THAT the Minutes of the November 15, 2023 Airport Advisory Committee meeting be adopted.

**Carried**

## 3. Reports

### 3.1 Opening Remarks - Sam Samaddar, Airport Chief Executive Officer

Chief Executive Officer:

- Provided a history of the airport and facilities needing to be developed.
- Reached the 2M mark for passengers in 2023.
- Spoke to international travel and recently visiting Saudia Arabia where they are launching their own airline with over \$30B in investment.
- Facial recognition will be used for checking in and to make it seamless for the traveler via biometrics. There will be no need to produce documents to various authorities.
- Spoke to the current lack of a national air travel strategy in Canada and broken connectivity.
- Spoke to targets being set that need to be achieved with greenhouse gas emissions and achieving net zero.
- Spoke to airfare costs in Canada and a user pay model.
- Spoke to airport fees and YLW being one of the lowest cost airports in Canada even with the impacts of inflation and recovering from the pandemic.

### 3.2 Operational Review - Phillip Elchitz, Director, Operations & Innovation

- Provided an operating overview including 2.17 M passengers being forecasted this year with strong passenger growth.
- Compared 2015 with 2024 passenger statistics.
- Aircraft Movements in total are down 6% compared to YTD in 2023.
- Reviewed the new aircraft approach to allow the runway to be optimized.
- Spoke to the Official Community Plan and the protection of building heights and noise contours around the airport. Ongoing integration is required to protect the airport and at the same time allow more density and growth.
- Aircraft gate optimization and check-in counter optimization were reviewed.
- Pre-board screening was reviewed to maximize and optimize efficiency of the existing facility.
- Baggage Belt Optimization was reviewed
- ReserTrac - Ground transportation virtual cueing was reviewed to make taxi movements more effective via a virtual cueing system
- Gate Turn technology was reviewed to increase the efficiency of each airplane so aircrafts can be turned quicker and allow more airplanes
- Automated runway reporting to optimize automated runway capacity and reallocate resources to other areas.
- CUSS Common Use Upgrades to enhance passenger experience and reduce travel anxiety is expected to be awarded to supplier in the third quarter of 2024.
- Spoke to purchase of new aircraft rescue firefighting truck.
- Responded to questions from the Committee.
- Spoke to Uber being close to launching at the airport.

### 3.3 Commercial, Capital Projects & Air Service Overview - Geoff Ritchie, Director, Commercial & Air Service

- Spoke to YLW project and their investment at various stages. Significant amount of activity currently in progress at the airport.
- The childcare facility is fully open and full. Third airport in North America to have an onsite childcare facility.
- Spoke to Airfield Lighting Control System upgrades.
- Spoke to airfield lighting replacement with high intensity and the most advanced systems available.
- Spoke to the combined operations building, the air terminal building expansion, air terminal expansion, airside pavement rehabilitation, airport development lots, Hyatt Hotel, Velocity Truck Centre, YLW Hotel (Kelowna's first five star hotel), YLW parkade and parking lot reconfiguration.
- Responded to questions from the Committee.
- Spoke to the planning cycles of airlines. Overall seat capacity is lagging demand with room for growth being demand driven.
- Spoke to the transborder market and the ongoing reluctance of U.S. airlines coming north.
- Provide a YLW air service overview for 2024 YTD. Carriers have enough staff to meet operations currently. Available aircraft is a restriction in the system currently.
- Updates provided for Air Canada, West Jet and Alaska service.

### 3.4 Financial Overview - Shayne Dyrdal, Director, Finance & Corporate Services

- Spoke to the Statement of Financial Position, 2023 with key theme being recovery.
- Spoke to the Statement of Operations and Accumulated Surplus, 2023 with key theme being recovery.
- Responded to questions from the Committee.

Moved By Councillor Singh/Seconded By Director Kevin Kraft

THAT the AAC receive the report for information, from the Kelowna International Airport, presented on May 29th, 2024.

**Carried**

### 4. Questions & Wrap Up

Staff:

- Responded to questions from the Committee.

### 5. Termination of Meeting

The Chair declared the meeting terminated at 10:38 a.m.

### 6. Tour - Airport Campus Tour - Geoff Ritchie

The Committee departed to tour the different construction projects currently underway at YLW.

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Chair

# Airport Advisory Committee Meeting

October 3, 2024



# Agenda

- ▶ Welcome and Introductions - Chair, Mayor Tom Dyas 9:00-9:05
- ▶ Approval of Minutes - Chair, Mayor Tom Dyas 9:05-9:10
- ▶ Opening Remarks - Sam Samaddar 9:10-9:20
- ▶ Airport Next Survey Results - Geoff Ritchie 9:20-10:05
- ▶ Air Service Development Update - Geoff Ritchie 10:05-10:40
- ▶ Capital Projects Update - Geoff Ritchie 10:40-11:10
- ▶ Financial Overview & Recommendations - Shayne Dyrdal 11:10-11:40
- ▶ Questions & Wrap Up 11:40-12:00
- ▶ Termination of Meeting 12:00



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# Opening Remarks





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# Airport NEXT Survey Results



# AirportNEXT

AirportNEXT is a new, dynamic tool for airports to assess and improve stakeholder alignment and support. It is a sentiment-based survey of key stakeholders based on the globally successful DestinationNEXT program.

- The survey is organized into two independent critical success factors: **Infrastructure & Facilities**, and **Stakeholder Alignment**. Both consists of 6 variables, for 12 variables total. These variables each contain from 4 to 12 statements, totaling 80 statements in the survey.
- The final result of the AirportNEXT assessment is a **Scenario Model**, which maps the two critical success factors, allocates each airport into one of four possible scenarios: **AIRBORNE**, **TAXIING**, **COASTING**, or **SOARING**.
- Each airport is given their Industry and Tier ranking and the overall AirportNEXT score, which is the sum of the two critical success factors.
- Every survey comes standard with one open-ended question for further remarks from the stakeholders. There is an opportunity for the airports to add up to five additional custom questions at the end of their survey.
- When completing the AirportNEXT assessment over multiple years, a dynamic analysis for the airport is also presented of the scenario model, 12 variables, 80 statement scores, 3 stakeholder groups, and 16 stakeholder categories.
- The overview of the pilot program for YLW will be shared today by Tom Ruth from AirportNEXT, to present results as they relate to YLW.

# Air Service Development Update

Air Service Review

Strategic Priorities

Target Markets & Airlines

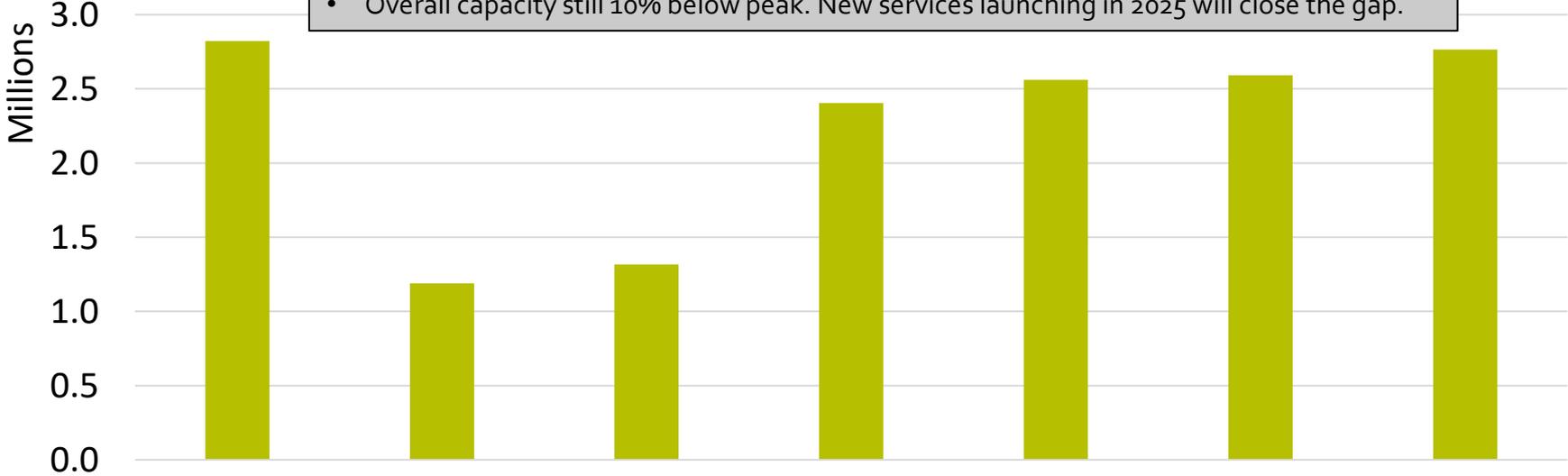
Strategy Implementation



# YLW air service rebounded quickly and continues to grow.

YLW Seats – All Sectors

- Passenger demand strong and already exceeding historical peak.
- Overall capacity still 10% below peak. New services launching in 2025 will close the gap.

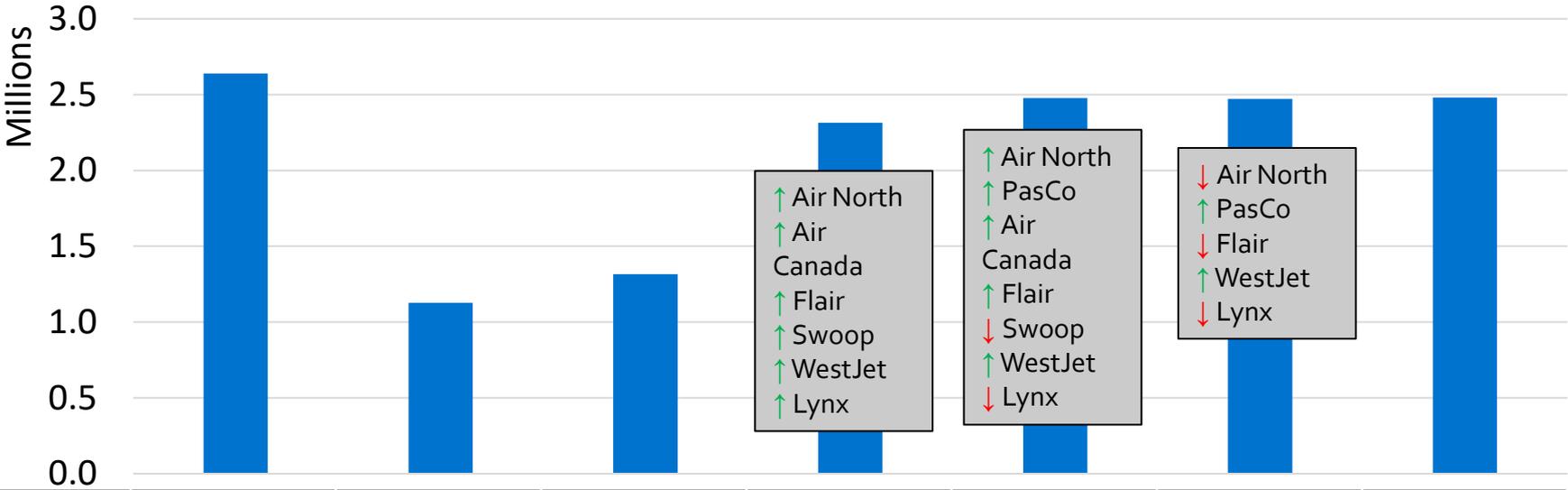


	2019	2020	2021	2022	2023	2024	2025(F)
Flights	34,251	14,226	14,981	25,231	25,064	24,689	27,467
Routes	16	16	16	18	20	20	20
PAX	2,032,019	737,444	829,804	1,718,059	2,032,624	2,142,000(F)	2,337,000(F)

Source: Innovata Schedules, as of Sep 2024.

# Domestic capacity provides a stable and strong foundation.

YLW Seats – Domestic

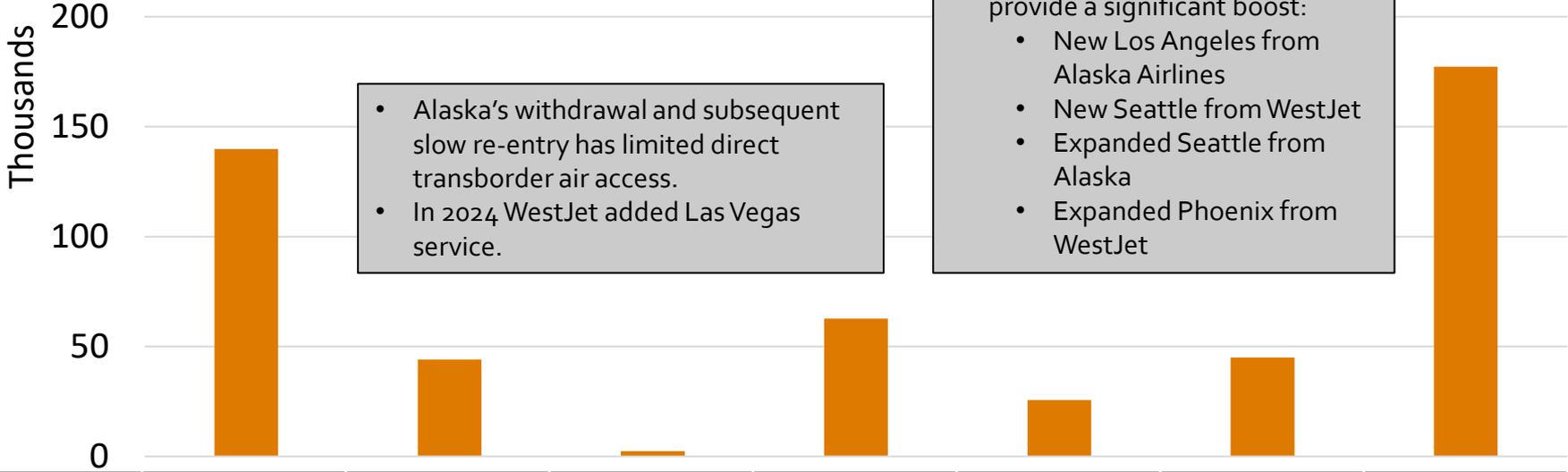


	2019	2020	2021	2022	2023	2024	2025(F)
Flights	32,370	13,629	14,949	24,263	24,461	23,827	24,667
Routes	9	9	15	12	13	13	13

Source: Innovata Schedules, as of Sep 2024.

# Transborder was hard hit but will see resurgence in 2025.

YLW Seats – Transborder



- Alaska’s withdrawal and subsequent slow re-entry has limited direct transborder air access.
- In 2024 WestJet added Las Vegas service.

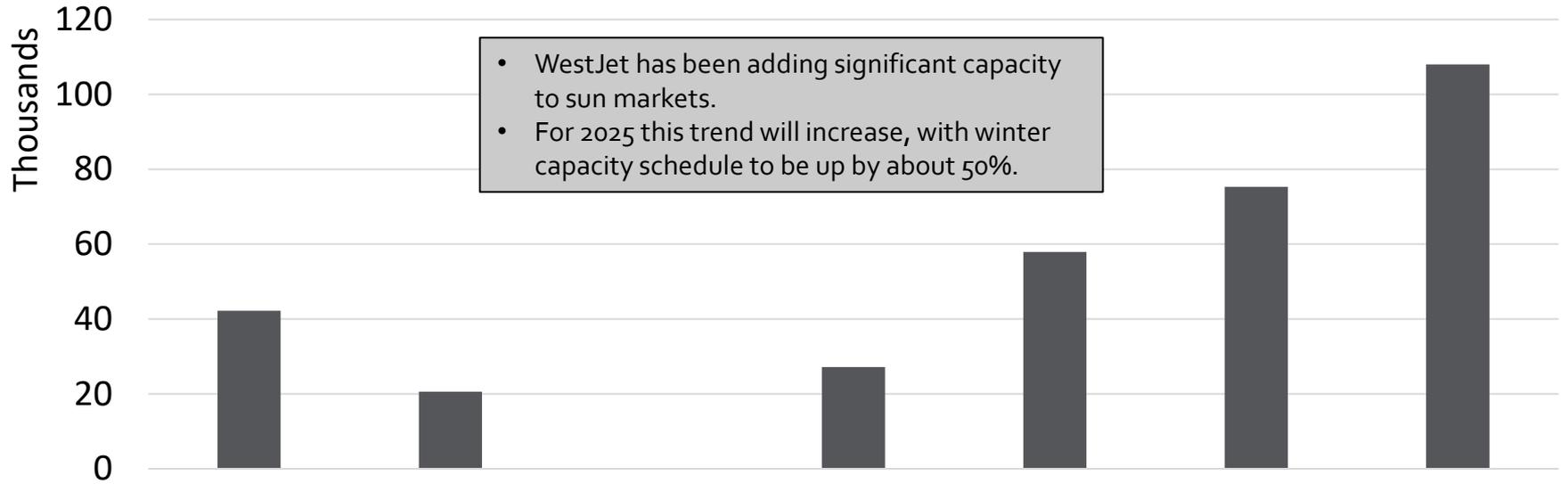
- New service starting in 2025 will provide a significant boost:
  - New Los Angeles from Alaska Airlines
  - New Seattle from WestJet
  - Expanded Seattle from Alaska
  - Expanded Phoenix from WestJet

	2019	2020	2021	2022	2023	2024	2025(F)
Flights	1,612	472	32	810	274	402	2,143
Routes	3	3	1	2	3	4	4

Source: Innovata Schedules, as of Sep 2024.

# International has been strong and is now fastest growing segment.

YLW Seats – International



	2019	2020	2021	2022	2023	2024	2025(F)
Flights	269	125	-	158	329	460	657
Routes	4	4	-	4	4	4	4

Source: Innovata Schedules, as of Sep 2024.

# ASD program is performing well on key metrics.

## Air Service Review

2024 VS 2023

**+75%**

US seat capacity

**+5.4%**

Passenger traffic\*

**+30%**

International seat capacity

**+\$1.2M**

Incremental AIF revenue\*\*

\* 12 months ended August 2024 vs 12 months ended August 2023.

\*\* Based on net AIF per enplaned passenger of \$23.28.

## Air Service Wins

- WESTJET** SEA (new), 7/wk, Jan 2025
- flair airlines** YVR (expanded), 5/wk, Jan 2025
- Alaska** LAX (new), 5-7/wk, Dec 2024
- Alaska** SEA (expanded), 7-14/wk year-round, Dec 2024
- WESTJET** YYZ (expanded), 7/wk summer, 5/wk winter, May 2024/Oct 2024
- WESTJET** All Sun except LAS (expanded), Oct 2024
- Pacific Coastal AIRLINES** YXS (new), 6/wk, Oct 2024
- Pacific Coastal AIRLINES** YQQ (new), 6/wk, Jun 2024
- WESTJET** LAS (new), 2/wk, Dec 2023
- Pacific Coastal AIRLINES** YCD (new), 7/wk, Sep 2023
- AIR CANADA** YYZ (expanded), 2/day, Jul 2023

# Domestic & international destinations



11 year-round destinations

10 Seasonal Destinations

# ASD focused on areas with greatest impact.

Priority	Market Segment	Rationale
1	Transborder	<ul style="list-style-type: none"><li>• US is a major market for inbound and outbound travel and hold high potential for growth</li><li>• Despite recent wins, still an imbalance between supply and demand for Central and Eastern US</li><li>• Securing access to Central hub would improve US and international air access considerably</li></ul>
2	Domestic (excl. regional BC)	<ul style="list-style-type: none"><li>• Domestic is the foundation of demand</li><li>• Rebound post-COVID has been strong, but still potential for additional service in big markets</li></ul>
3	Other International	<ul style="list-style-type: none"><li>• Limited inbound potential in short-term (most opportunities are sunspot)</li><li>• Interest from airlines limited at this point</li></ul>
4	Regional BC	<ul style="list-style-type: none"><li>• Relatively well served</li><li>• Smaller markets with less impact compared to other segments</li></ul>

# Capital Projects Update



# YLW Projects & Investments



## Private Investment

- 12 First Truck \$17,000,000
- 13 Hyatt Investment \$7,500,000
- 14 KF Centre for Excellence \$25,000,000
- 15 YLW Hotel \$100,000,000
- 16 YLW Parkade \$55,000,000

## Completed

- 1 YLW Childcare Facility \$3,800,000
- 2 Runway End Safety Area \$9,100,000
- 3 Bio Security \$5,400,000
- 4 Terminal Building Roof Replacement \$4,000,000

## In Progress

- 5 Airfield Lighting \$8,100,000
- 6 Combined Operations Building \$16,300,000
- 7 Air Terminal Building Expansion \$108,000,000
- 8 Airside Pavement Rehabilitation \$6,400,000

## Upcoming

- 9 Aviation Infrastructure Lots
- 10 Airport Way Widening and Intersection Configuration
- 11 Apron Expansion

# Airside Pavement Rehabilitation

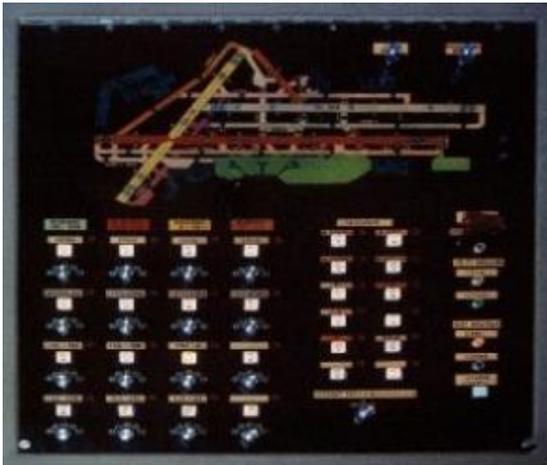
- ▶ Project Investment \$6,400,000
- ▶ Project Timeline: Fall 2024
- ▶ Project Status: Substantially Completed



Interesting Fact: Will allow YLW to maintain at least two routes on/off Apron I improving aircraft traffic flow and reducing inbound/outbound delays.

# Airfield Lighting Control System

- ▶ Project Investment: \$300,000
- ▶ Project Timeline: Q4 2024
- ▶ Project Status: Procurement and Construction



Interesting Fact: Nav Canada uses this system to control the various airfield lighting systems at YLW. They are controlled from YLW Control Tower and remotely from YYF (Penticton) Flight Service Station when the control tower closes for the night.

# Airfield Lighting & Supporting Infrastructure

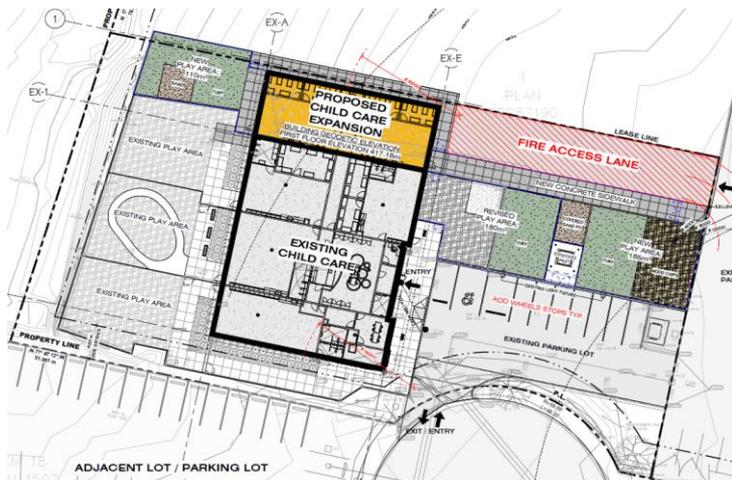
- ▶ Project Investment: \$8,100,000
- ▶ Project Timeline: Start spring 2025 – End 2026
- ▶ Project Status: Design Complete, Continued consultation, Procurement



Interesting Fact: Systems are well over 20 years old. This project will upgrade all airfield lighting systems at YLW to the most advanced systems available.

# Child Care Facility - Expansion

- ▶ Project Investment: \$2,800,000
- ▶ Project Timeline: Fall 2025
- ▶ Project Status: Open and Operational-Expansion in planning phase
- ▶ Facility is open and full - initiated a second funding application approved to expand into additional two classrooms



# Combined Operations Building

- ▶ Project Investment: \$16,300,000
- ▶ Project Timeline: Completed late 2025
- ▶ Project Status: In Construction



Interesting Fact: 50% funded by Transport Canada under the Airport Critical Infrastructure Program under grants secured during COVID 19.

# Combined Operations Building

May - Present Progress



# Air Terminal Building Expansion

- ▶ Project Investment: \$108,000,000
- ▶ Project Timeline: Completed late 2026
- ▶ Project Status: In Construction



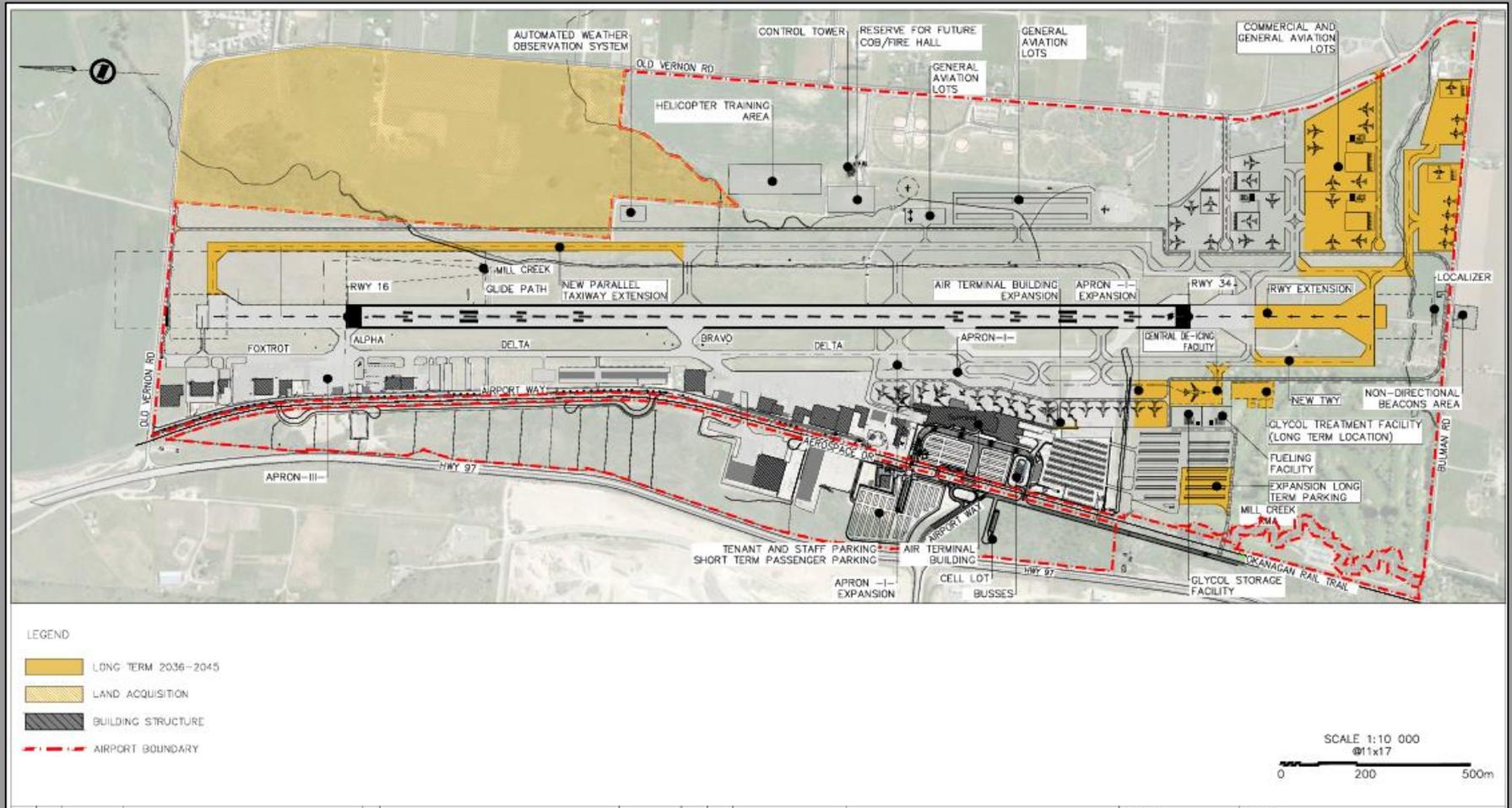
Interesting Fact: Fully funded, designed, value engineered, and project managed by YLW.

# Air Terminal Building Expansion

May - Present Progress

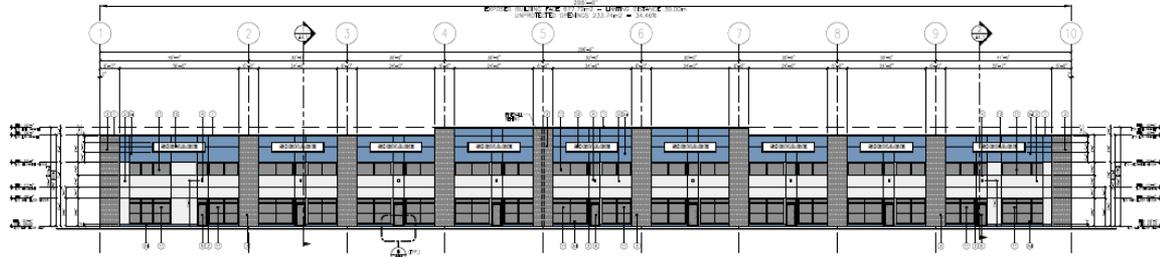


# Airport Development Lots



# Hyatt Group – Lot 2

- ▶ Project Investment: \$4,000,000
- ▶ Project Timeline: Late 2024
- ▶ Project Status: In construction



Interesting Fact: 38,000 sq.ft. Industrial Warehouse with nine bays.

# Velocity Truck Centre – Lot 1

- ▶ Project Investment: \$13,500,000
- ▶ Project Timeline: Complete late 2024
- ▶ Project Status: In Construction



Interesting Fact: Service and sales with 19 service bays, focussed on zero emission trucks including hydrogen compressed natural gas (HCNG).

# YLW Hotel

- ▶ Project Investment: \$100,000,000
- ▶ Project Timeline: 2025-2027
- ▶ Project Status: Planning Approvals



Interesting Fact: This will be Kelowna's first five-star hotel.

# YLW Parkade

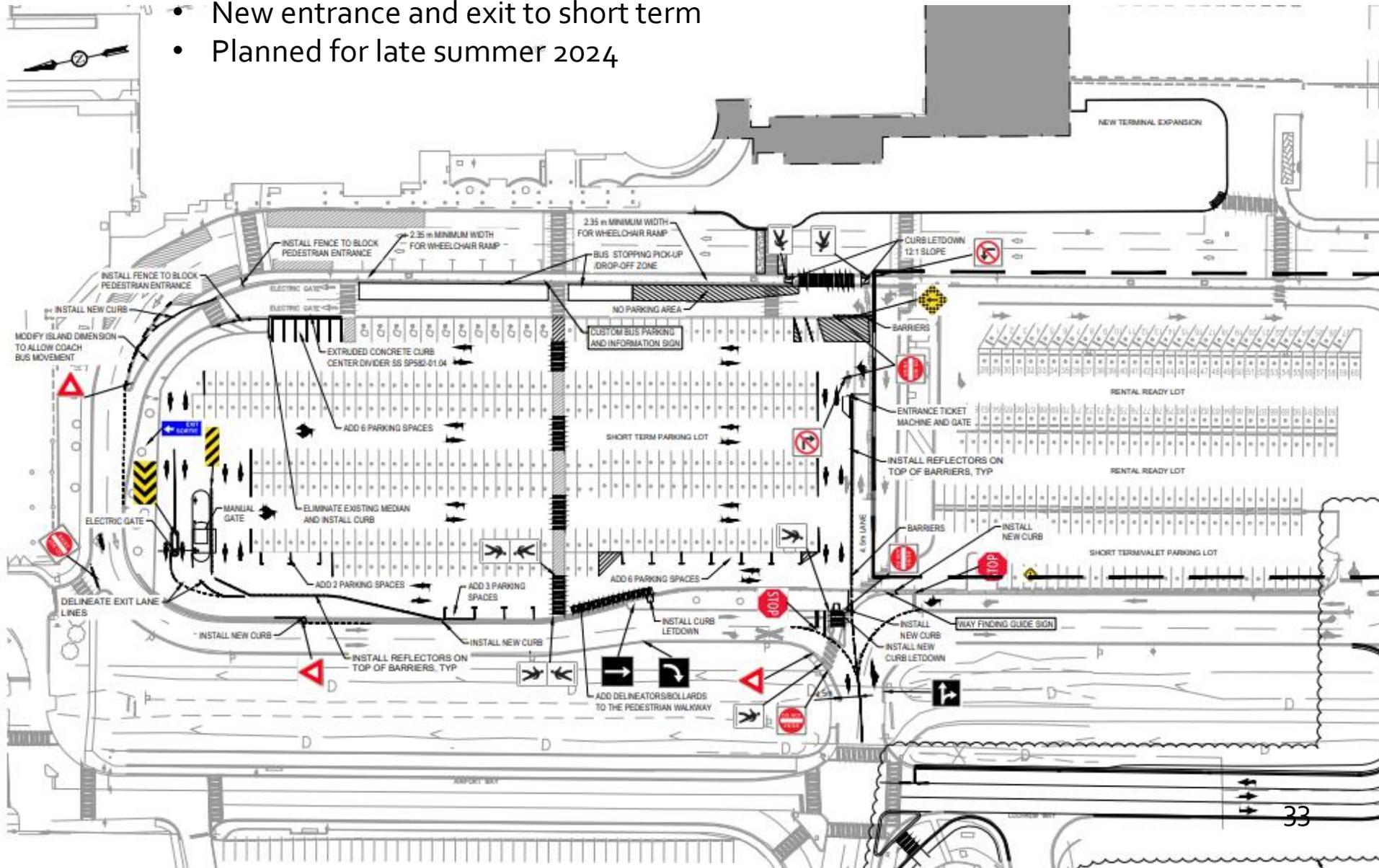
- ▶ Project Investment: \$55,000,000
- ▶ Project Timeline: 2025-2027
- ▶ Project Status: Planning Approvals



storey parking that reduces YLW's land requirement footprint.

# Parking Lot Reconfiguration

- New entrance and exit to short term
- Planned for late summer 2024



# 2025 Projects

(Pending Relevant Approvals)

Description	Amount
Mill Creek Improvements	\$350,000
Apron 1 South Expansion Enabling Works	\$7,875,000
Departures Fast Flow Exit Upgrades	\$580,000
Passenger Boarding Bridge	\$2,600,000
Bridge Baggage Chutes	\$65,000
Switchback Boarding Ramp	\$210,000
Passenger Boarding Bridge PLC Upgrade	\$210,000
Airside Pavement Rehabilitation	\$2,155,000
Apron 1 South Expansion (Phase 1)	\$160,000
Airfield Lighting & Supporting Infrastructure	\$8,710,000
New Airside Pavement	\$75,000
Glycol Tank	\$475,000
Airside Equipment	\$690,000
Combined Operations Building	\$5,800,000
<b>Total</b>	<b>\$29,955,000</b>



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Kelowna International Airport

# Financial Overview



# Financial Overview

## Actual vs. Budget

	<b>8 Months 31-Aug-24</b>	<b>2024 Budget</b>	<b>% of Budget</b>
<b>Passengers</b>	<b>1,406</b>	<b>2,119</b>	<b>66%</b>
Revenues	35,661	53,349	67%
Expenditures	21,637	35,007	62%
<b>Annual surplus</b>	<b>14,024</b>	<b>18,342</b>	<b>76%</b>

# Financial Overview

## Actual vs. Budget

	<b>8 Months 31-Aug-24</b>	<b>2024 Budget</b>	<b>% of Budget</b>
AIF	15,906	23,651	67%
Parking	7,348	11,085	66%
Landing fees	2,879	4,682	61%
Car rental	2,551	3,907	65%
Terminal fees	2,220	3,679	60%
Grants	2,092	2,366	88%
Leases	1,161	1,887	62%
Food and beverage	629	923	68%
Other	875	1,169	75%
<b>Revenues</b>	<b>35,661</b>	<b>53,349</b>	<b>67%</b>



# Financial Overview

## Actual vs. Budget

	<b>8 Months 31-Aug-24</b>	<b>2024 Budget</b>	<b>% of Budget</b>
Salaries and wages	4,892	7,990	61%
Facility maintenance	3,071	4,690	65%
Payment to General Fund	1,237	1,856	67%
Professional and consulting	799	1,834	44%
Contract services	1,296	1,630	80%
Security	793	1,234	64%
Purchase services	503	1,188	42%
Fuel	294	874	34%
Software maintenance	760	738	103%
Interest expense	292	584	50%
Marketing and media	131	526	25%
Electricity	369	532	69%
Amortization (estimated)	5,933	8,900	67%
Other	1,267	2,431	52%
<b>Expenditures</b>	<b>21,637</b>	<b>35,007</b>	<b>62%</b>



# Financial Overview

2025

- ▶ Significant investment (\$88M)
  - ▶ Terminal building expansion
  - ▶ Combined operations building
  - ▶ Airfield lighting and supporting infrastructure
  - ▶ Apron 1 south expansion enabling works

# Financial Overview

## Fees and Charges

### ▶ Airport Improvement Fee

- ▶ Increase of \$3.00/enplaned passenger from \$25.00 to \$28.00
  - ▶ Effective for travel on or after January 1, 2025
- ▶ Last increase was effective March 1, 2020

### ▶ Landing and terminal fees

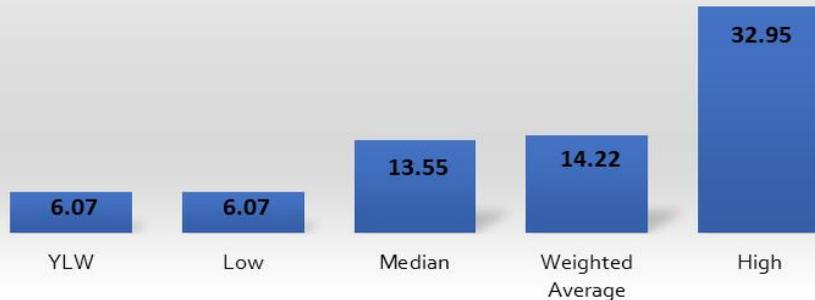
- ▶ 2.5% increase – effective January 1, 2025

# Financial Overview

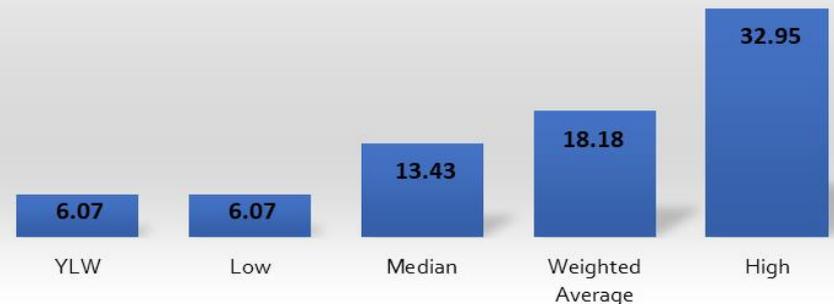
## Fees and Charges

### ► Aeronautical revenues per landed air carrier seat

Tier 2 Aeronautical Revenues per Landed Carrier Seat  
(12 Months Ended Mar. 31, 2024)



Tier 1 & 2 Aeronautical Revenues per Landed Carrier Seat  
(12 Months Ended Mar. 31, 2024)

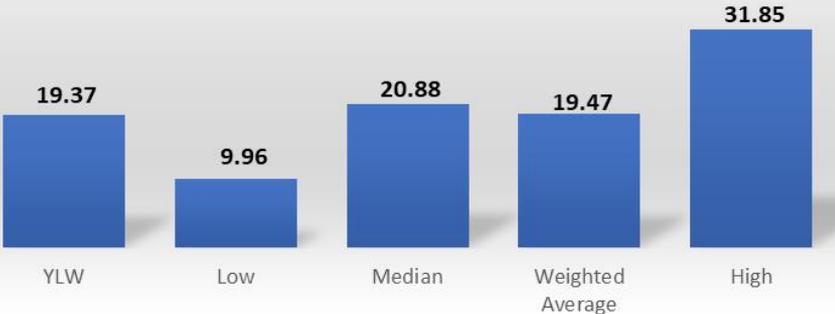


# Financial Overview

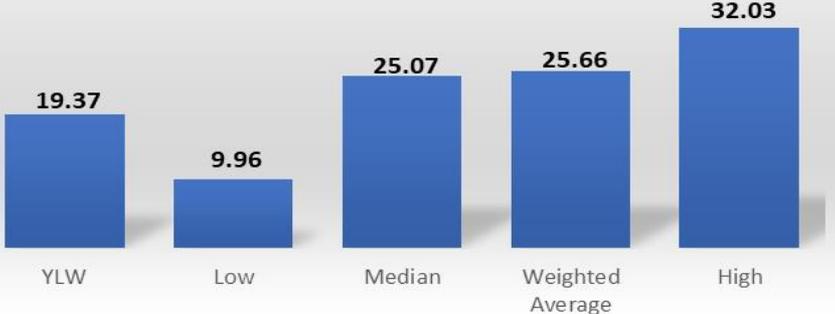
## Fees and Charges

- ▶ Estimated airport improvement fee per landed air carrier seat

Tier 2 Estimated AIF per Landed Air Carrier Seat  
(12 Months Ended Mar. 31, 2024)



Tier 1 & 2 Estimated AIF per Landed Air Carrier Seat  
(12 Months Ended Mar. 31, 2024)



# Financial Overview

## Fees and Charges

- ▶ Estimated aeronautical revenues and airport improvement fee per landed air carrier seat

Tier 2 Aeronautical Revenue and AIF per Landed Air Carrier Seat  
(12 Months Ended Mar. 31, 2024)



Tier 1 & 2 Aeronautical Revenue and AIF per Landed Air Carrier Seat  
(12 Months Ended Mar. 31, 2024)





YLW

Kelowna International Airport

# Recommendations



# Recommendations

- ▶ THAT the Airport Advisory Committee receive, for information, the report from Kelowna International Airport, presented on October 3, 2024.

# Questions?

For more information, visit [ylw.kelowna.ca](http://ylw.kelowna.ca).



**YLW** Kelowna  
International  
Airport