

Report to Council



Date: February 25, 2019

File: 0610-50

To: Doug Gilchrist, City Manager

From: Shayne Dyrda, Senior Airport Finance & Corporate Services Manager

Subject: Kelowna International Airport Airport Improvement Fee Memorandum of Agreement Amendment

Recommendation:

THAT Council receive for information the report of the Senior Airport Finance and Corporate Services Manager dated February 25, 2019 with respect to the amendment of the Airport Improvement Fee Memorandum of Agreement;

AND THAT the Airport Director be authorized to execute all documents necessary to complete this amendment.

Purpose:

To obtain Council's approval to amend the Airport Improvement Fee Memorandum of Agreement (the AIF MOA).

Background:

In 1999, Kelowna International Airport (the Airport) entered into a Memorandum of Agreement with the Air Transport Association of Canada (ATAC), certain Canadian airports and certain air carriers operating in Canada with regards to the collection of the Airport Improvement Fee (AIF). The term of the AIF MOA was for 20 years commencing on May 31, 1999. The AIF MOA does not include an option to extend or an over holding clause and will expire on May 30, 2019.

In 2018, the airports and air carriers developed negotiation teams in order to discuss the terms and conditions of a new airport improvement fee agreement that would replace the AIF MOA. There has been significant progress in finalizing the commercial terms of the new agreement but the drafting of the agreement is anticipated to take several months. As a result, both of the negotiation teams recommend a short extension of the AIF MOA be implemented to ensure that there is sufficient time to draft the new agreement before the AIF MOA expires.

The proposed amendment to the AIF MOA has been included as Appendix A (the Amendment). The Amendment would amend Section 17.1 of the AIF MOA to change the term from 20 years to 20 years and three months. The Amendment would also include a further option to extend for three months beyond the 20 years and three months (the Second Extension) with the Winnipeg Airports Authority designated as the airports irrevocable representative for the execution of the Second Extension. Under the AIF MOA, an amendment to the term requires approval by the majority of the airports. The designation of the Winnipeg Airports Authority as the irrevocable representative of the airports would streamline the approval process for the Second Extension, if required.

Internal Circulation:

Jessica Hewitt, Communications Advisor

Considerations not applicable to this report:

Financial/Budgetary Considerations: N/A

Legal/Statutory Authority: N/A

Legal/Statutory Procedural Requirements: N/A

Existing Policy: N/A

Personnel Implications: N/A

External Agency/Public Comments: N/A

Communications Comments: N/A

Alternate Recommendation: N/A

Submitted by:

Shayne Dyrdal, Senior Airport Finance & Corporate Services Manager

Approved for inclusion:



Doug Gilchrist, City Manager
Sam Samaddar, Airport Director

cc: Genelle Davidson, Divisional Director, Financial Services
Jackie Dueck, Controller
Kari O'Rourke, Corporate Communications Manager