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Kelowna International Airport

Airport Advisory Committee Meeting

July 28, 2020

Agenda

- ▶ Call to Order, Welcome and Introductions
- ▶ Approval of Minutes
- ▶ Operational Update
- ▶ Soaring Beyond 2.5 Million Passengers AIF Program Update
- ▶ Financial Update
- ▶ Recommendations
- ▶ Questions



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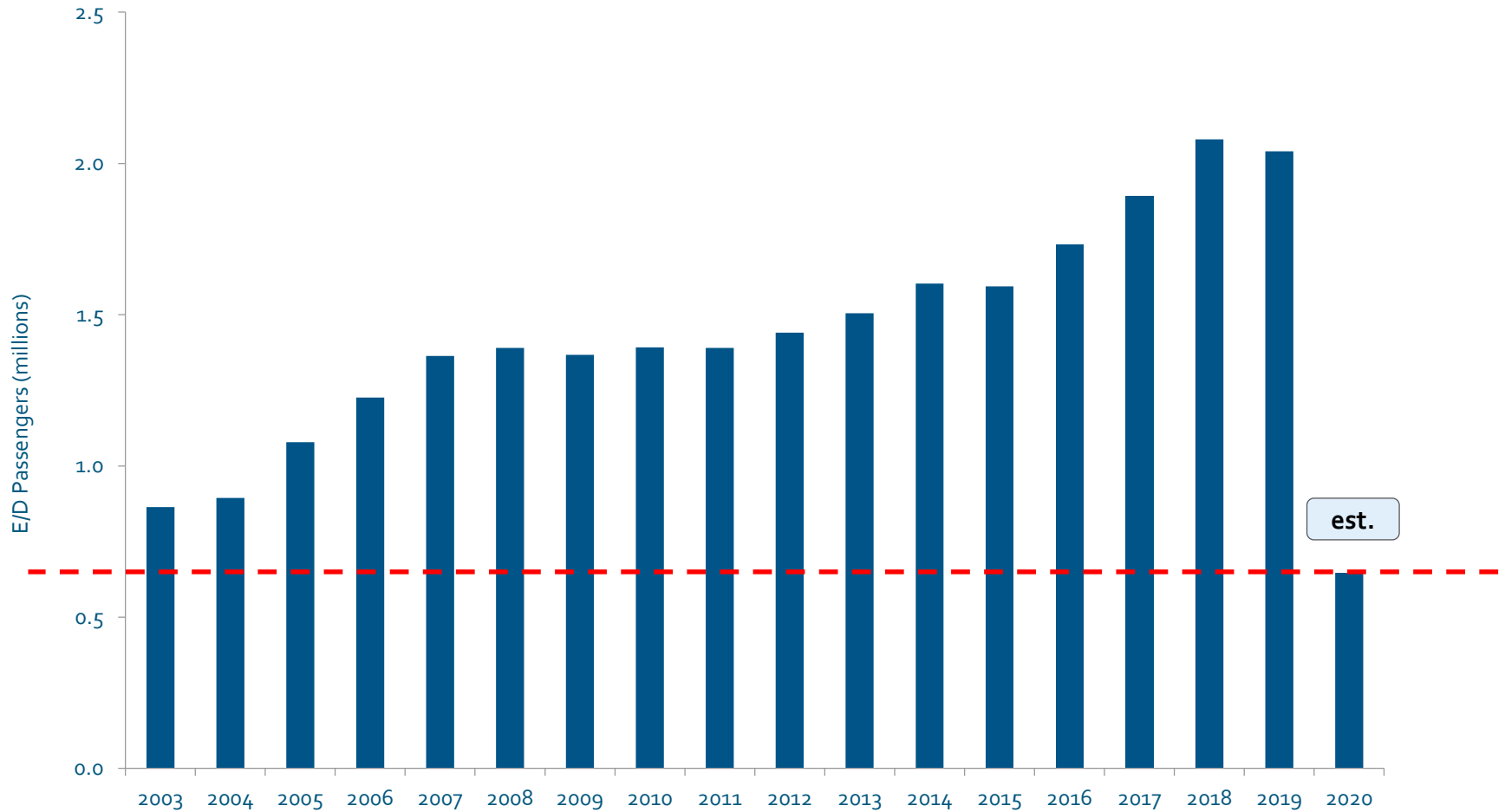
Kelowna International Airport

Operational Update

2020 Passenger Statistics

	Monthly	% Monthly	YTD	% YTD
January	174,824	-3.8%	174,824	-3.8%
February	173,517	-3.1%	348,341	-3.4%
March	104,948	-45%	453,289	-18%
April	5,706	-96%	458,995	-35%
May	6,805	-95%	465,800	-46%
June	15,335	-90%	481,135	-53%
Dec (est)			647,262	-68%

Passenger traffic 2003-2020



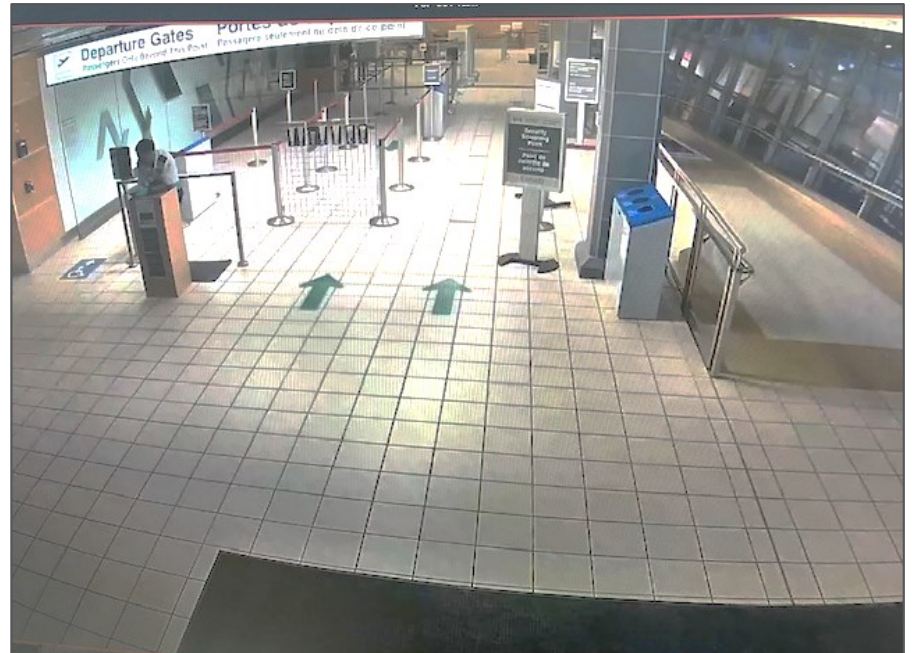
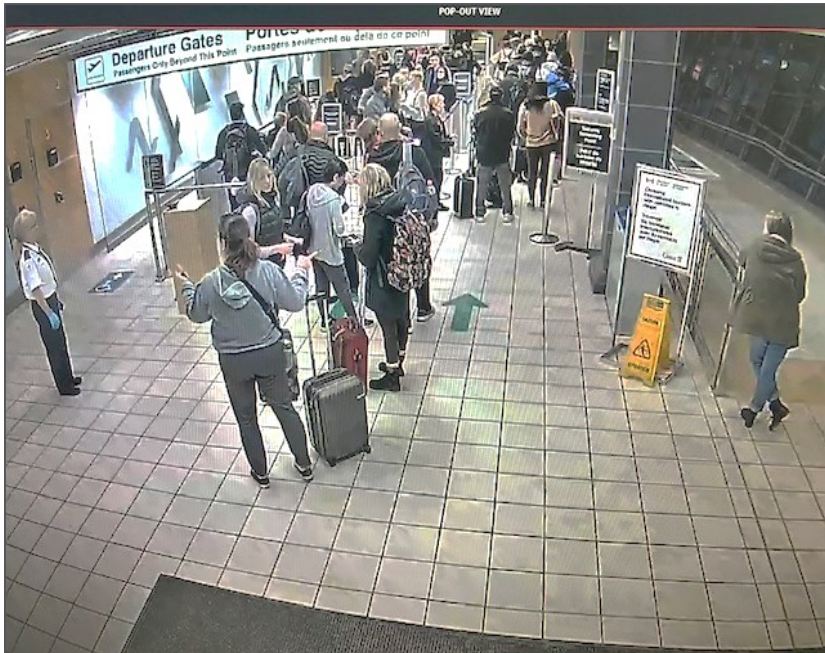




Main Apron



Pre-Board Screening



Long Term Parking Lot



Airport Consolidation

▶ Terminal Building

- ▶ Moved from a 24-hour operation to limited hours - 05:00 to 19:00 in April
 - ▶ Hours now expanded 04:00 – 22:00 effective July 9th
- ▶ Hold baggage system was shut down in April – all baggage was diverted to the oversized baggage system
 - ▶ Partially reopened in July
- ▶ Customs facility remains closed due to no international flights
- ▶ 2 washroom blocks taken out of service and remain closed
- ▶ Food and Beverage – limited hours for those in operation
 - ▶ Hours have been extended in July 2020

Airport Consolidation

▶ Airside

- ▶ 7 of the 10 aircraft operation stands (parking positions) have been removed from service
- ▶ 3 of the 5 passenger boarding bridges have been stowed and removed from service
- ▶ Turbo prop aircraft are being ground loaded
- ▶ Runway and Taxiway lighting procedures have changed to save energy costs

Airport Consolidation

- ▶ Groundside
 - ▶ Long-term parking lot was closed, and all passengers were parking in the short-term parking lot
 - ▶ Long-term parking lot was reopened in June 2020
 - ▶ Valet storage lot and valet booth remain closed

Agency Status

- ▶ Security Screening, Customs and Air Traffic Control
 - ▶ Operating at reduced hours and capacity
- ▶ Ambassador, Junior Ambassador and Ambassadorog programs
 - ▶ Suspended

Staffing Levels

- ▶ 49.5 full-time equivalent (approved 2020 Budget)
- ▶ 32.5 full-time equivalent working (34% reduction)
 - ▶ 13 of the 32.5 are participating in the Work Sharing Program

COVID-19 Protocol

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**Masks are required
in this area**

Exceptions: Children under 2, with medical conditions that
prevent mask usage

**Masques obligatoires dans
cette zone**

Exceptions: Enfants de moins de 2 ans, personnes dont l'état de
santé est incompatible avec le port du masque

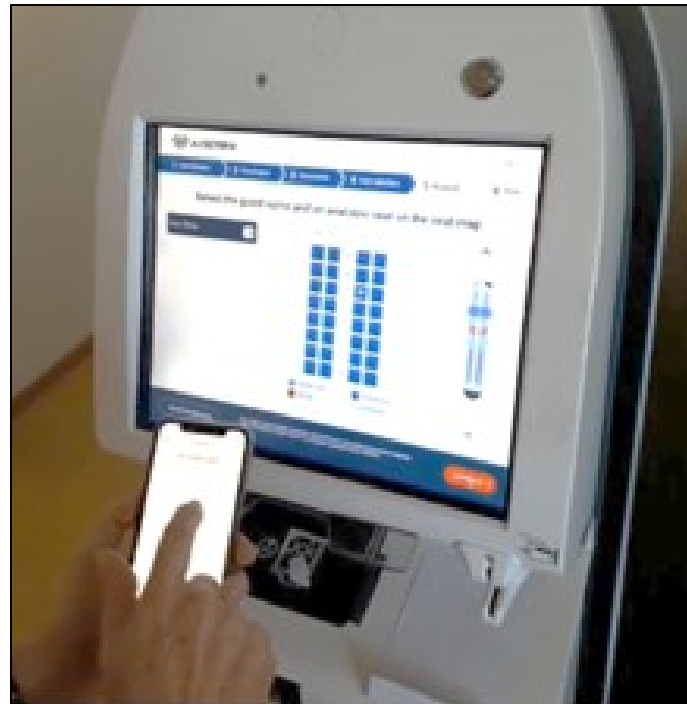
Future Operational Challenges

- ▶ Queue Control
- ▶ Temperature checks – September 2020



Future Operational Opportunities

- ▶ Contact Tracing
- ▶ Touchless Travel



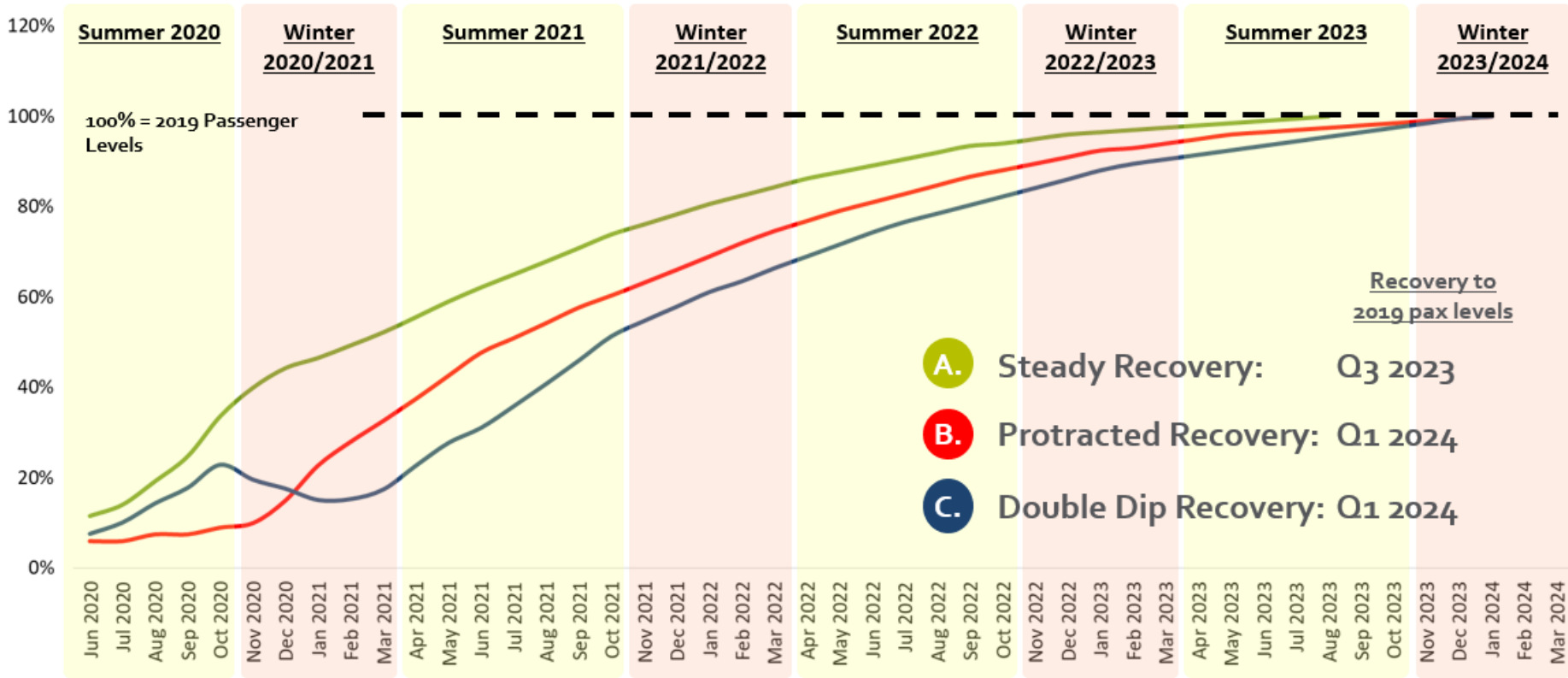


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Soaring Beyond 2.5 M Passengers AIF Program Update

YLW Air Service Recovery Scenarios



Source: Kelowna Airport (2019 Passenger Levels) & InterVISTAS analysis

2019 Soaring Beyond Projects

- ▶ Delta Rehabilitation – Phase 1
 - ▶ Complete
- ▶ Design Development of ATB Expansion
 - ▶ Complete to 30% design
- ▶ Detailed Design for Runway End Safety Area
 - ▶ Complete

2020 Soaring Beyond Projects

- ▶ Delta Rehabilitation – Phase 2
 - ▶ Deferred
- ▶ Apron 1 South Expansion Design
 - ▶ Deferred
- ▶ Airside Lighting and Supporting Infrastructure
 - ▶ Deferred
- ▶ Self-serve Bag Drop Consultation
 - ▶ Deferred
- ▶ Airside Equipment Purchases
 - ▶ Deferred
- ▶ Design Development of ATB Expansion
 - ▶ Continuing to 60% design

Soaring Beyond 2.5 Million Passenger AIF Program

▶ Planned prior to COVID-19

Project	Cost (Millions)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Terminal Expansion - Phase 1	60.8										
Terminal Expansion - North Bridge	6.5										
Apron Expansion	19.6										
Self-serve Baggage Drop	1.9										
Runway End Safety Area	8.6										
Combined Operations Building	12.0										
CUTE/CUSS	3.2										
Terminal Expansion - Phase 2	41.4										
Loading Bridges	2.4										
Airside Lighting and Supporting Infrastructure	0.2										
Airside Pavement Rehabilitation	50.5										
Airside Equipment	12.8										
Total	219.9										

Legend



▶ Currently being assessed and anticipated to look significantly different, due to the impact of COVID-19

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



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Financial Update



2019 Financial Statements

► 2019 Statement of Financial Position

As at December 31, 2019

	<u>Actual 2019</u>	<u>Actual 2018</u>
Financial Assets		
Cash and cash equivalents	\$ 700	\$ 1,000
Accounts receivable	4,449,086	3,966,225
Portfolio investments	31,965,644	26,367,839
	<u>36,415,430</u>	<u>30,335,064</u>
Liabilities		
Accounts payable	3,335,024	3,123,269
Performance deposits	310,359	305,948
Deferred revenue	481,486	158,604
Mortgage payable (Note 3)	1,800,000	2,700,000
Debenture debt (Note 4)	16,153,133	18,177,948
	<u>22,080,002</u>	<u>24,465,769</u>
Net Financial Assets	<u>14,335,428</u>	<u>5,869,295</u>
Non-Financial Assets		
Prepaid expenses	179,267	96,808
Inventory	276,395	365,186
Work in progress (Note 5)	7,047,261	2,929,193
Tangible capital assets (Note 6)	146,321,304	143,724,445
	<u>153,824,227</u>	<u>147,115,632</u>
Accumulated Surplus (Note 7)	<u>\$ 168,159,655</u>	<u>\$ 152,984,927</u>

2019 Financial Statements

Statement of Operations and Accumulated Surplus For the Year Ended December 31, 2019

	Budget 2019	Actual 2019	Actual 2018
Revenue			
Sale of services (Note 11)	\$ 22,470,240	\$ 22,217,498	\$ 21,157,839
Interest earned	158,000	659,977	543,587
Government transfers (Note 2)	346,500	296,558	1,034,936
Actuarial increase	-	127,626	787,956
Gain on disposal of assets	-	7,129	-
	<u>22,974,740</u>	<u>23,308,788</u>	<u>23,524,318</u>
Airport Improvement Fee (Note 10)	18,104,000	16,608,888	14,017,034
	<u>41,078,740</u>	<u>39,917,676</u>	<u>37,541,352</u>
Expenses (Note 12)			
Administration	5,107,409	4,433,081	3,525,811
Interest	584,250	584,250	815,603
Terminal operations	5,421,360	6,267,120	6,444,759
Airport improvement fee	30,765	5,444,897	5,102,105
Airport policing	192,546	192,546	188,716
Groundside operations	2,539,990	3,436,804	2,978,243
Airside operations	3,620,592	4,188,451	3,993,770
Write down of tangible capital assets	-	195,799	63
	<u>17,496,912</u>	<u>24,742,948</u>	<u>23,049,070</u>
Annual Surplus	<u>\$ 23,581,828</u>	<u>15,174,728</u>	<u>14,492,282</u>
Accumulated Surplus, beginning of year		<u>152,984,927</u>	<u>138,492,645</u>
Accumulated Surplus, end of year		<u>\$ 168,159,655</u>	<u>\$ 152,984,927</u>

2019 Financial Statements

Statement of Cash Flows For the Year Ended December 31, 2019

	Actual 2019	Actual 2018
Net inflow (outflow) of cash and cash equivalents related to the following activities:		
Operating		
Annual surplus	\$ 15,174,728	\$ 14,492,282
Adjustment for non-cash items		
Amortization of tangible capital assets	7,850,313	7,209,942
Actuarial adjustment on debenture debt	(127,626)	(627,956)
Write down of tangible capital assets	195,799	63
Decrease (increase) in assets		
Accounts receivable	(482,858)	434,617
Inventory and prepaid expenses	6,330	(184,420)
Increase (decrease) in liabilities		
Accounts payable	211,755	342,433
Performance deposits	4,411	22,527
Deferred revenue	322,882	(160,937)
	<u>23,155,734</u>	<u>21,528,551</u>
Capital		
Acquisition of tangible capital assets	(14,773,169)	(17,751,703)
Proceeds from disposal of tangible capital assets	12,131	-
	<u>(14,761,038)</u>	<u>(17,751,703)</u>
Investing		
Change in investments	<u>(5,597,805)</u>	<u>291,888</u>
Financing		
Repayment of mortgage payable	(900,000)	(900,000)
Repayment of debenture debt	(1,897,191)	(3,229,846)
	<u>(2,797,191)</u>	<u>(4,129,846)</u>
Net increase in cash and cash equivalents	(300)	(61,110)
Cash and cash equivalents, beginning of year	1,000	62,110
Cash and cash equivalents, end of year	<u><u>\$ 700</u></u>	<u><u>\$ 1,000</u></u>

Financial Update – Q1 2020

► Statement of Operations

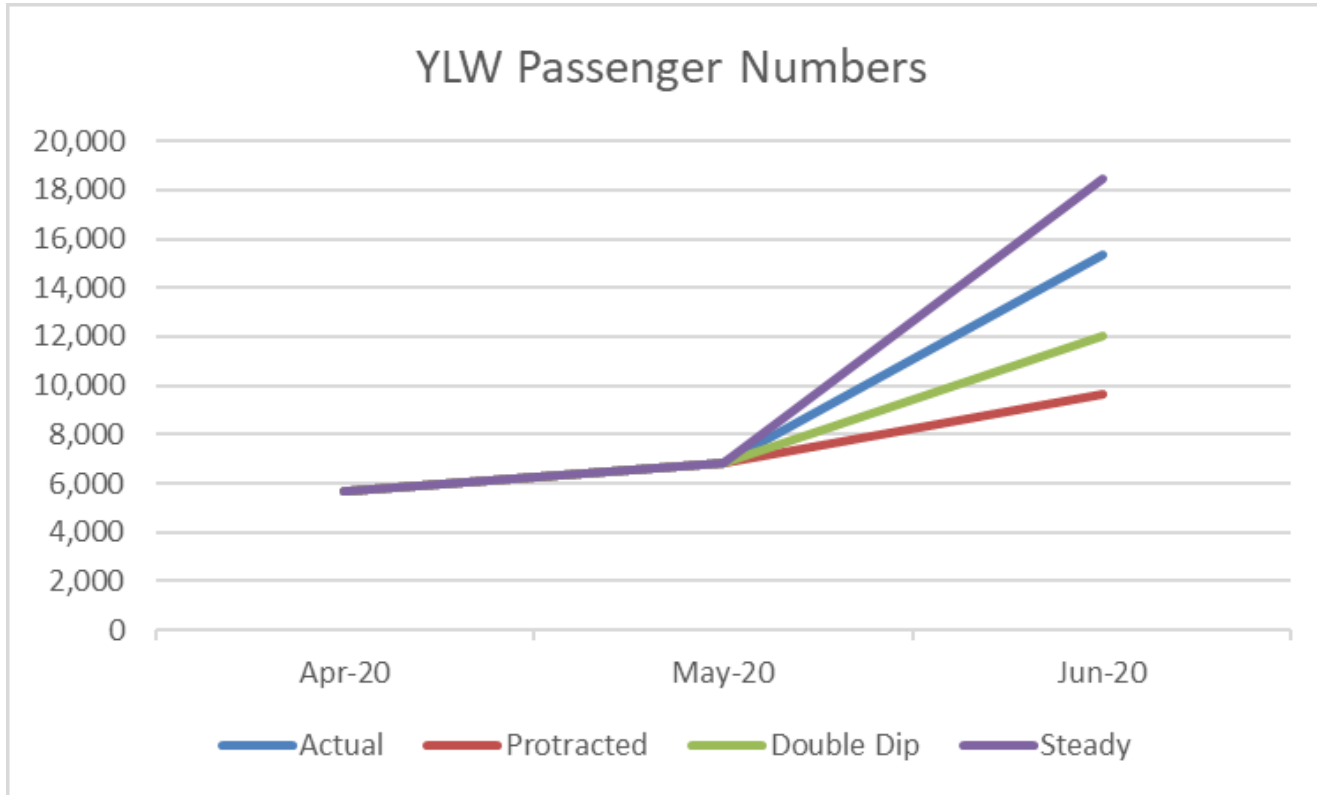
	3 Months Ending Mar. 31, 2020	3 Months Ending Mar. 31, 2019	Variance	% Variance
Revenue				
AIF	3,983,000	3,726,000	257,000	7%
Parking	1,808,000	2,724,000	- 916,000	-34%
Landing Fees	985,000	1,156,000	- 171,000	-15%
Terminal Fees	802,000	943,000	- 141,000	-15%
Car Rental	835,000	704,000	131,000	19%
Lease	193,000	506,000	- 313,000	-62%
Food and Beverage	195,000	232,000	- 37,000	-16%
Other	769,000	335,000	434,000	130%
	9,570,000	10,326,000	- 756,000	-7%
Expenditures				
Salaries and Wages	1,181,000	1,346,000	- 165,000	-12%
Building Maintenance and Technical Services	834,000	683,000	151,000	22%
Security	226,000	202,000	24,000	12%
Fuel	198,000	204,000	- 6,000	-3%
Electricity	170,000	29,000	199,000	-686%
Interest	135,000	292,000	- 157,000	-54%
Advertising, Marketing, Media and Publications	113,000	93,000	20,000	22%
Professional and Consulting Services	103,000	92,000	11,000	12%
Purchased Services	90,000	172,000	- 82,000	-48%
Other	530,000	426,000	104,000	24%
	3,580,000	3,481,000	99,000	3%
Net Income	5,990,000	6,845,000	- 855,000	-12%

COVID-19 Financial Forecasting

▶ 3 Scenarios

Month	Steady	Double Dip	Protracted
	Total	Total	Total
Total	772,445	650,551	572,998
	1997/98	1996/97	Pre 1996
	-62%	-68%	-72%

COVID-19 Financial Forecasting



COVID-19 Financial Forecasting - Non-AIF

	2020 Budget	Steady	Double Dip	Protracted
Revenues	23,069,000	10,691,000	9,264,000	8,464,000
Interest Income	731,000	-	-	-
Operating Expenditures	(17,619,000)	(13,437,000)	(13,437,000)	(13,437,000)
Payment to COK	(1,526,000)	(454,000)	(454,000)	(454,000)
Capital Expenditures	(3,748,000)	(1,126,000)	(1,126,000)	(1,126,000)
Acquisition of Property	-	(737,000)	(737,000)	(737,000)
Debt Payments*	(900,000)	(900,000)	(900,000)	(900,000)
Total	7,000	(5,963,000)	(7,390,000)	(8,190,000)
Opening Reserve	25,200,000	21,450,000	21,450,000	21,450,000
Ending Reserve	25,207,000	15,487,000	14,060,000	13,260,000

COVID-19 Financial Forecasting – Non-AIF Capital Plan

Project	2020 Budget	Budget Underrun	COVID-19 Deferral	2020 Forecasted Spend
<u>Airside</u>				
Airfield Cable Replacement	120,000	-	120,000	-
Inoperable Aircraft Mover	60,000	-	-	-
Ops Stand 5 Concrete Panels	320,000	-	-	-
<u>Groundside</u>				
Airport Way Safety Improvements	250,000	-	250,000	-
Parking Lot Equipment	529,000	-	529,000	-
Hazard Beacons and Towers	21,000	12,000	-	9,000
Long-term and Convair Way Parking Lot Upgrades	2,778,000	1,283,000	1,080,000	312,000
Airport Road Improvements	79,000	68,000	-	30,000
Tugway Gate Controls	21,000	21,000	-	-
Light Standard Replacements	100,000	-	100,000	-
NPSV Traffic Management	85,000	-	85,000	-
<u>Terminal</u>				
ATB Improvements	945,000	76,000	455,000	414,000
Roof Replacement Program	775,000	-	750,000	1,000
Paging System	6,000	2,000	-	8,000
Small Capital	150,000	-	-	150,000
Advertising Nodes	461,000	-	461,000	-
Chiller and Cooling Tower	416,000	365,000	-	52,000
Common Use Counter Expansion	250,000	-	250,000	-
Integrated Security Network	250,000	-	-	150,000
PBB PLC Upgrades	640,000	-	640,000	-
TOTAL	8,256,000	1,823,000	4,720,000	1,126,000

COVID-19 Financial Forecasting - AIF

	2020 Budget	Steady	Double Dip	Protracted
Revenues*	23,810,000	7,790,000	6,368,000	5,488,000
Operating Expenditures	-	-	-	-
Capital Expenditures	(24,419,000)	(3,713,700)	(3,713,700)	(3,713,700)
Debt Payments**	(2,481,000)	(2,481,000)	(2,481,000)	(2,481,000)
Total	(3,090,000)	1,595,300	173,300	(706,700)
Opening Reserve	11,269,000	10,513,000	10,513,000	10,513,000
Ending Reserve	8,179,000	12,108,300	10,686,300	9,806,300

Soaring Beyond AIF Capital Plan Status

Project	Balloted Cost	2020 Plan	2020 COVID Update
Airside Pavement Rehab – Taxiway Delta	\$7.7M	Continue with year 2 of 3.	Project paused. 2020 Spend - \$0.3M
Apron 1 South Expansion – Gates 10 and 11	\$520K	Consultation on design.	Project deferred. 2020 Spend - \$0
Airside Lighting and Supporting Infrastructure	\$240K	Consultation on impact and design.	Project deferred. 2020 Spend - \$0
Self-serve Bag Drop	\$50K	Consultation on pre-design.	Project deferred. 2020 Spend - \$0
ATB Expansion – Phase 1 and North	\$76.5M	Design and construction.	Design continuing. 2020 Spend reduced from \$19.2M to \$2.9M.
Airside Equipment	\$1.8M	Purchase.	Purchases deferred. 2020 Spend - \$0

Financial Update

▶ Debt Repayment Schedule

	2020 (Remaining)	2021-2025 (Each Year)	2026	2027	Total
Principal	901,000	1,897,000	1,258,000	698,000	12,342,000
Interest	292,000	584,000	333,000	112,000	3,657,000
	1,193,000	2,481,000	1,591,000	810,000	15,999,000

▶ Repaid in 2020

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

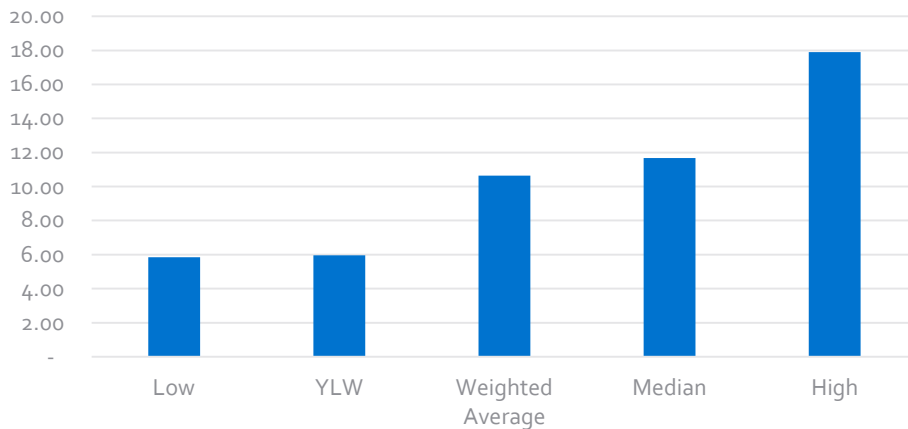
▶ Municipal Finance Authority Loans

- ▶ \$7.5M – October 2015
- ▶ \$3.5M – April 2016
- ▶ \$3.0M – October 2016
- ▶ \$8.0M – April 2017

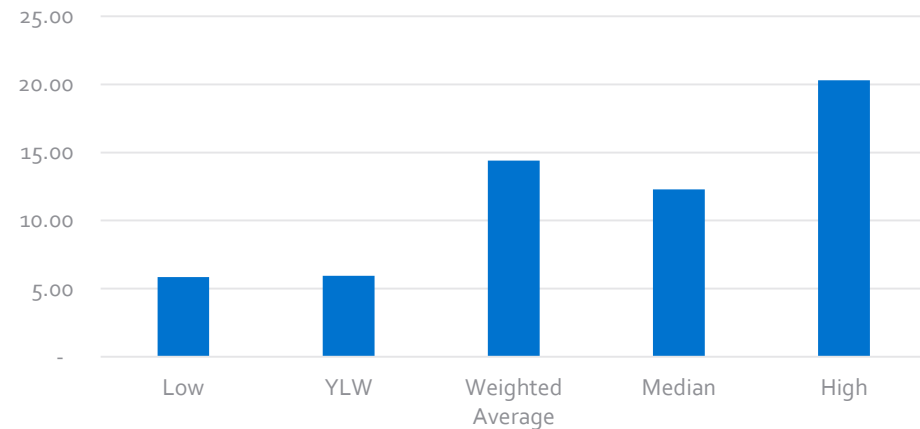
Fees and Charges

- ▶ Aeronautical Revenues per Landed Air Carrier Seat
 - ▶ 2019 CAIS Stats

Aeronautical Revenues per Landed Air Carrier Seat (Tier 2)



Aeronautical Revenues per Landed Air Carrier Seat (Tier 1 & 2)

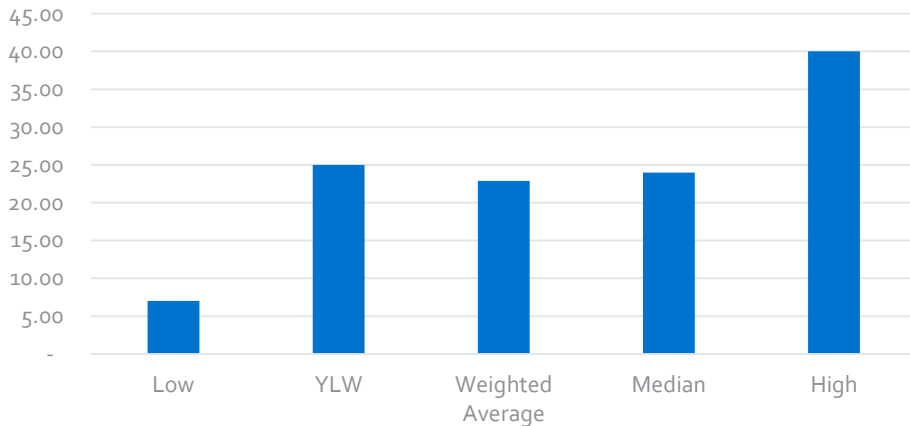


Fees and Charges

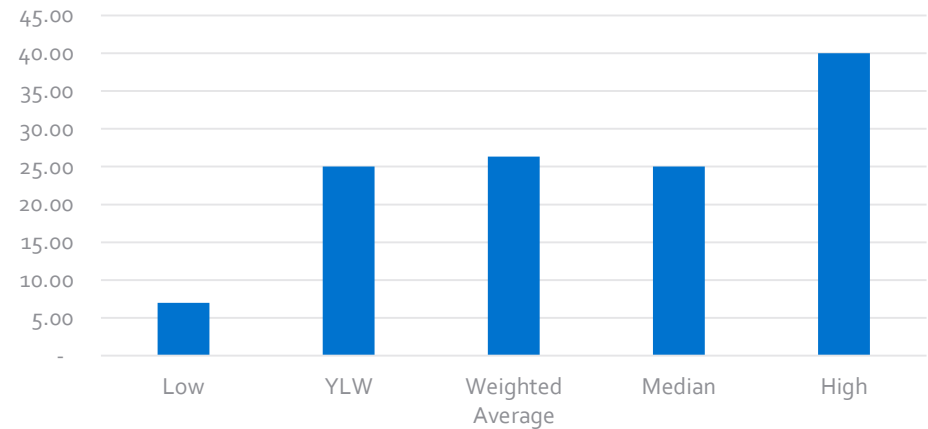
▶ Airport Improvement Fee

▶ April 2020 CAIS Stats

AIF
(Tier 2)



AIF
(Tier 1 & 2)



Fees and Charges

- ▶ All fees and charges are being reviewed based on the impact of COVID-19
 - ▶ Any changes to aeronautical fees and/or the AIF will be determined during the Summer of 2020



Recommendations

Recommendations

- ▶ There are no current recommendations
- ▶ The Airport anticipates bringing forward recommendations for changes to fees and charges in the Fall of 2020



Kelowna International Airport

Questions?

For more information, visit ylw.kelowna.ca.