



**YLW**

Kelowna International Airport

# Airport Advisory Committee Meeting

October 29, 2020

# Agenda

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



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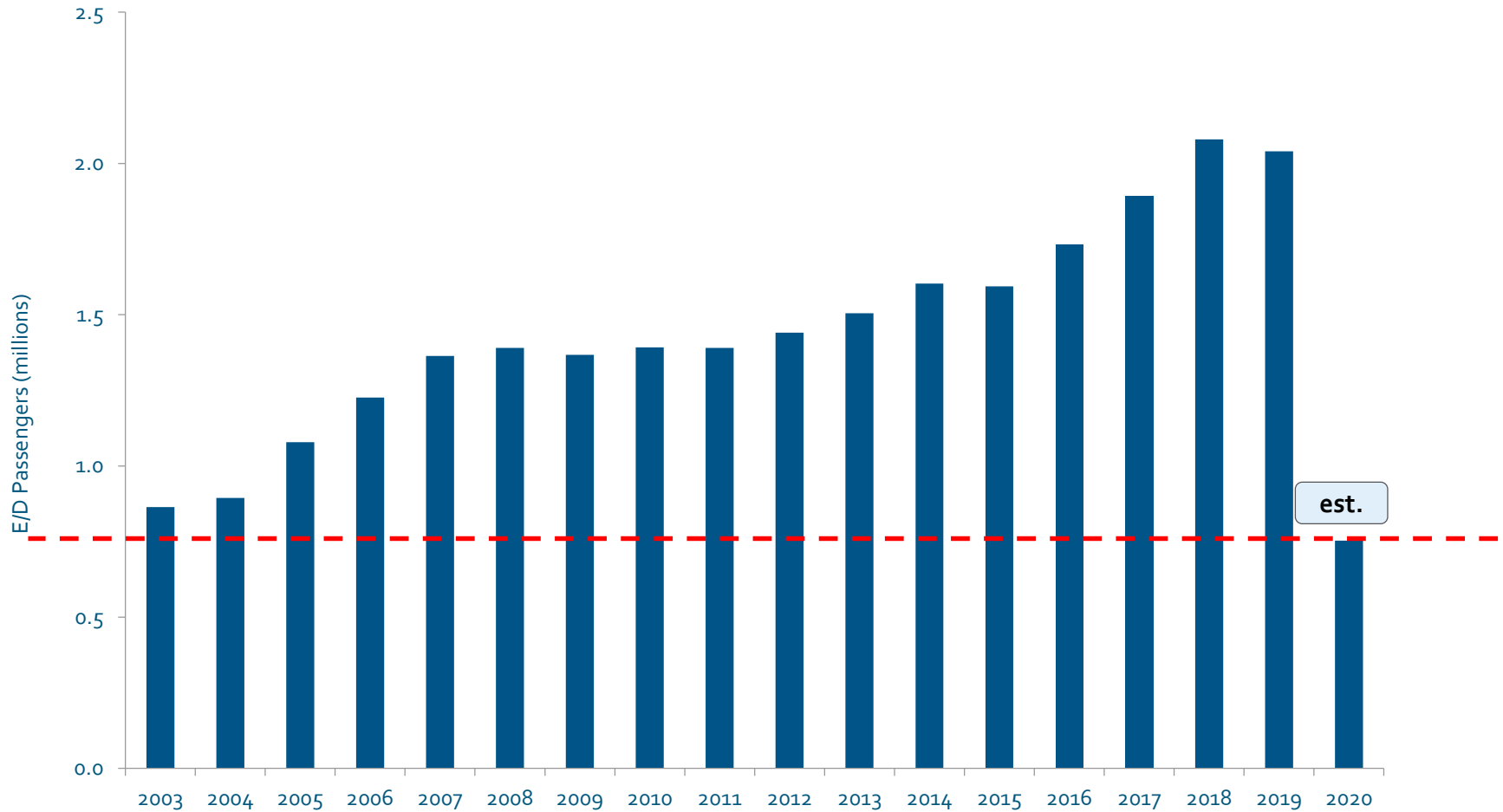
Kelowna International Airport

# Operational Update

## 2020 Passenger Statistics

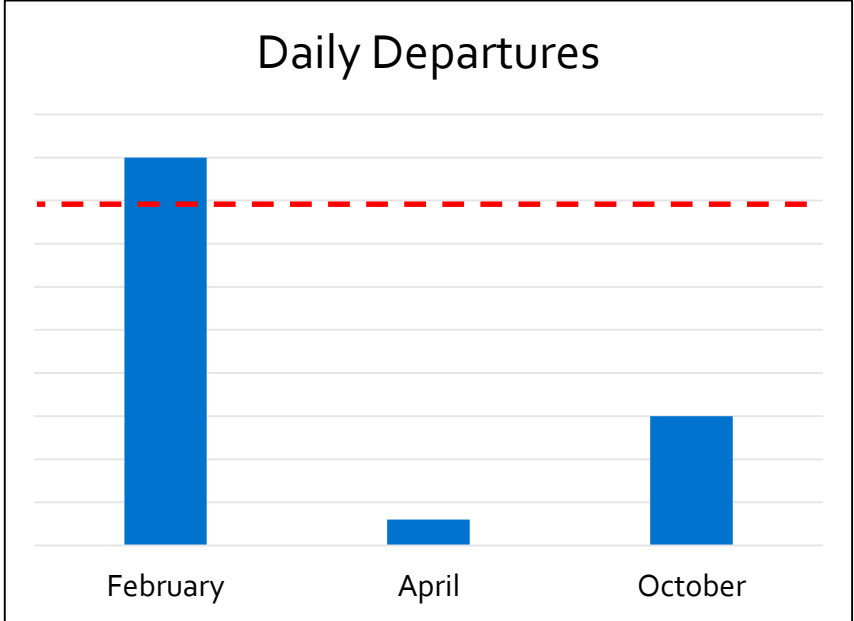
	Monthly	% Monthly	YTD	% YTD
January	174,824	-3.8%	174,824	-3.8%
February	173,517	-3.1%	348,341	-3.4%
March	104,948	-45%	453,289	-18%
April	5,706	-96%	458,995	-35%
May	6,805	-95%	465,800	-46%
June	15,335	-90%	481,135	-53%
July	41,515	-77%	522,650	-57%
August	50,514	-72%	573,164	-59%
September	43,983	-72%	617,147	-60%
Dec (est)			753,875	-63%

# Passenger traffic 2003-2020



# Daily Departures

	Daily Departures
February	47
April	3
October	15



# Operational Changes

## ▶ Terminal building

- ▶ Masks remain mandatory in all public areas
- ▶ Hold baggage screening system and the outbound baggage hall has reopened
- ▶ Terminal building hours of operations have expanded
- ▶ Food and beverage – Airside White Spot has reopened, hours are expanding for Tim Hortons
- ▶ Full airside corridor reinstated
- ▶ 3 loading bridges in operation (+1)
- ▶ Tourism kiosk has reopened

# Operational Changes

## ▶ Airside

- ▶ 6 of the 10 operational stands in use (+3)

## ▶ Groundside

- ▶ Valet remains closed
- ▶ Several parking lots remain closed

## ▶ Agency status

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



# Operational Changes

Transport Canada mandated temperature screening

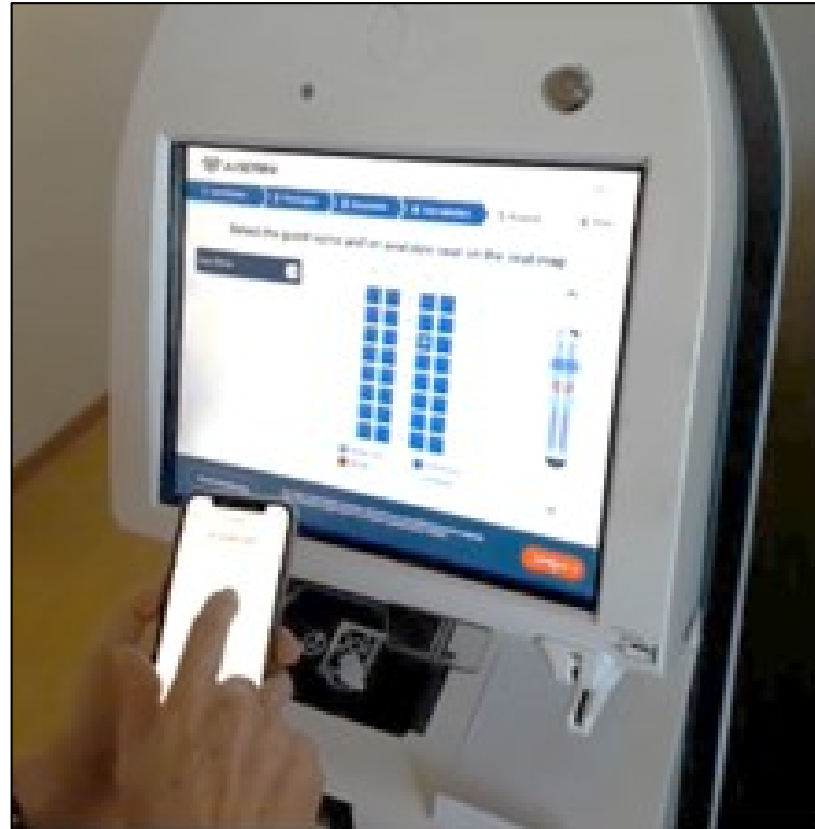


# YLW Team Reductions

- ▶ 49.5 positions approved in the 2020 pre-COVID budget
- ▶ Will be operating with 38 staff during winter operations
  - ▶ 4 positions will not be filled
  - ▶ 0.5 position on voluntary layoff
  - ▶ 1 position permanently laid off
  - ▶ 1 retirement
  - ▶ 2 redeployments – 1 permanent, 1 temporary
  - ▶ 6 staff working on 80% work share
  - ▶ 8 staff working 90% work share
  - ▶ 6 staff have been recalled to facilitate winter operations

# Future Operational Opportunities

- ▶ Contact Tracing
- ▶ Touchless Travel
- ▶ Rapid Testing





# Development Update

# Soaring Beyond 2.5 Million Passengers

- ▶ Design development of ATB expansion
  - ▶ Working towards 60% design
- ▶ Airside pavement rehabilitation
  - ▶ Intersection of Delta and Alpha - complete
- ▶ Airside equipment
  - ▶ Dump truck – received
  - ▶ Water tank – received

# Soaring Beyond 2.5 Million Passengers

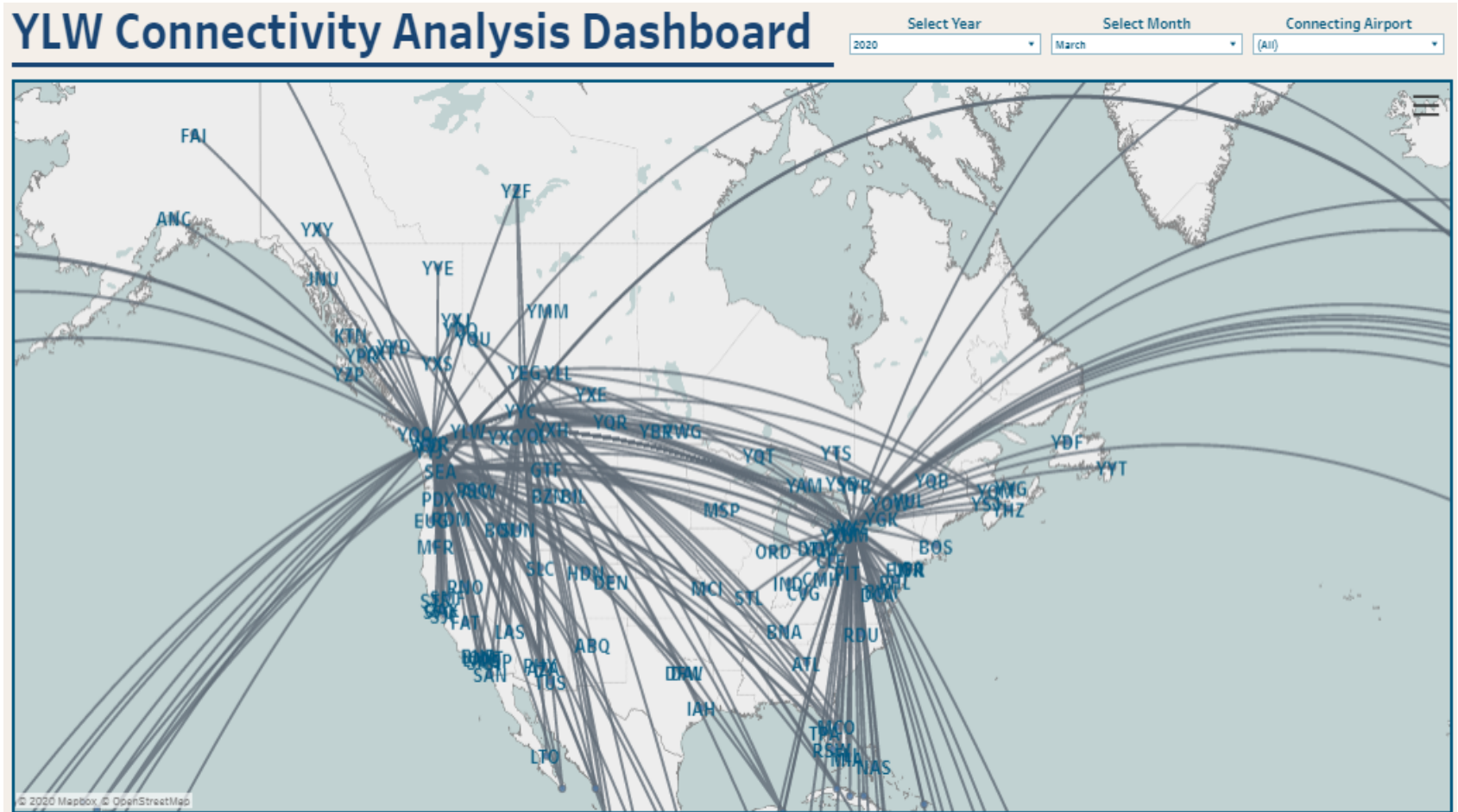
- ▶ Projects deferred due to COVID-19
  - ▶ Delta rehab – Phase 2
  - ▶ Apron 1 south expansion design
  - ▶ Airside lighting and supporting infrastructure design
  - ▶ Self-serve bag drop consultation
  - ▶ Airside equipment purchase

# 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

# Air Service Development Update

Connectivity – March 2020



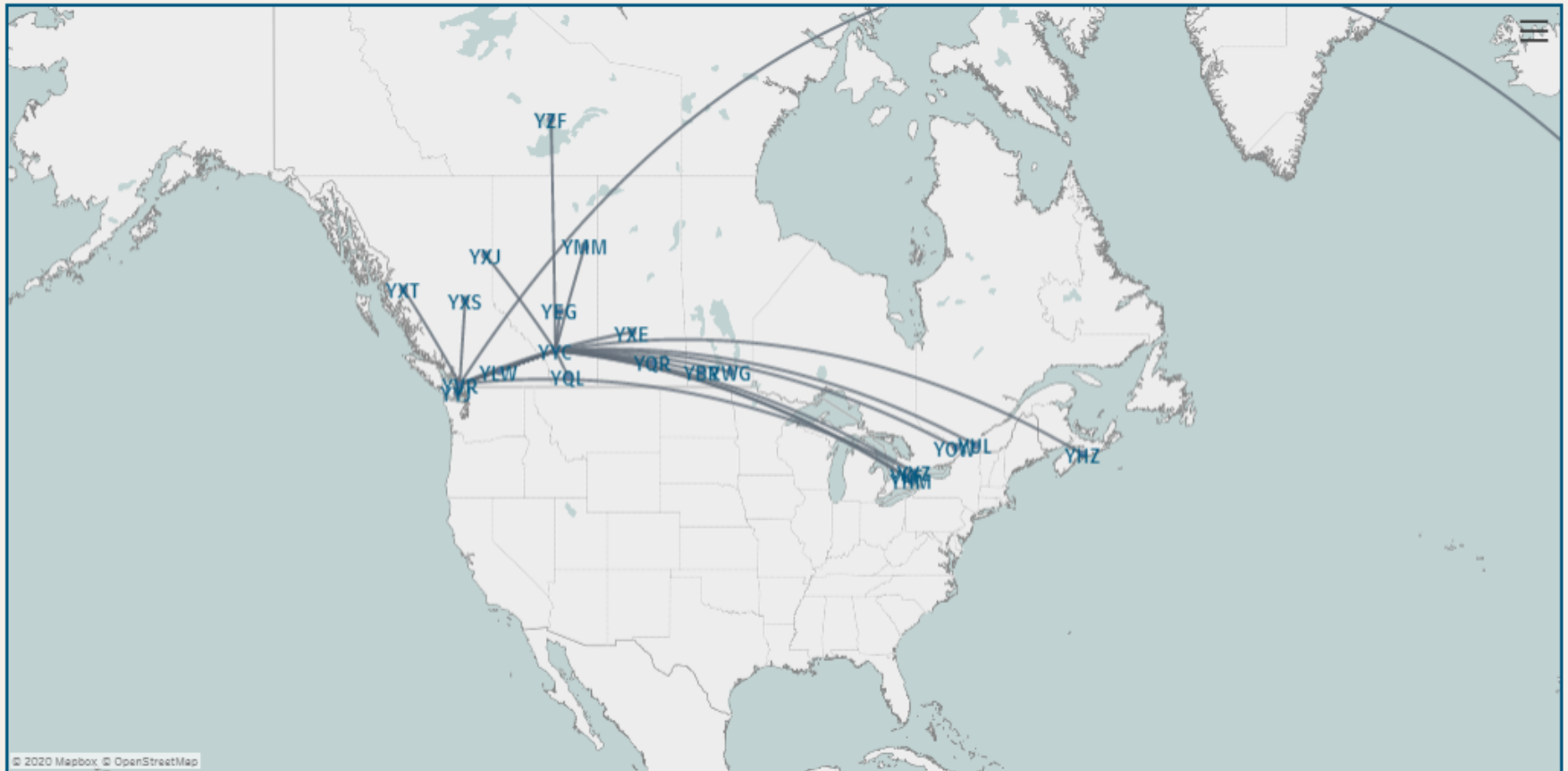


# Air Service Development Update

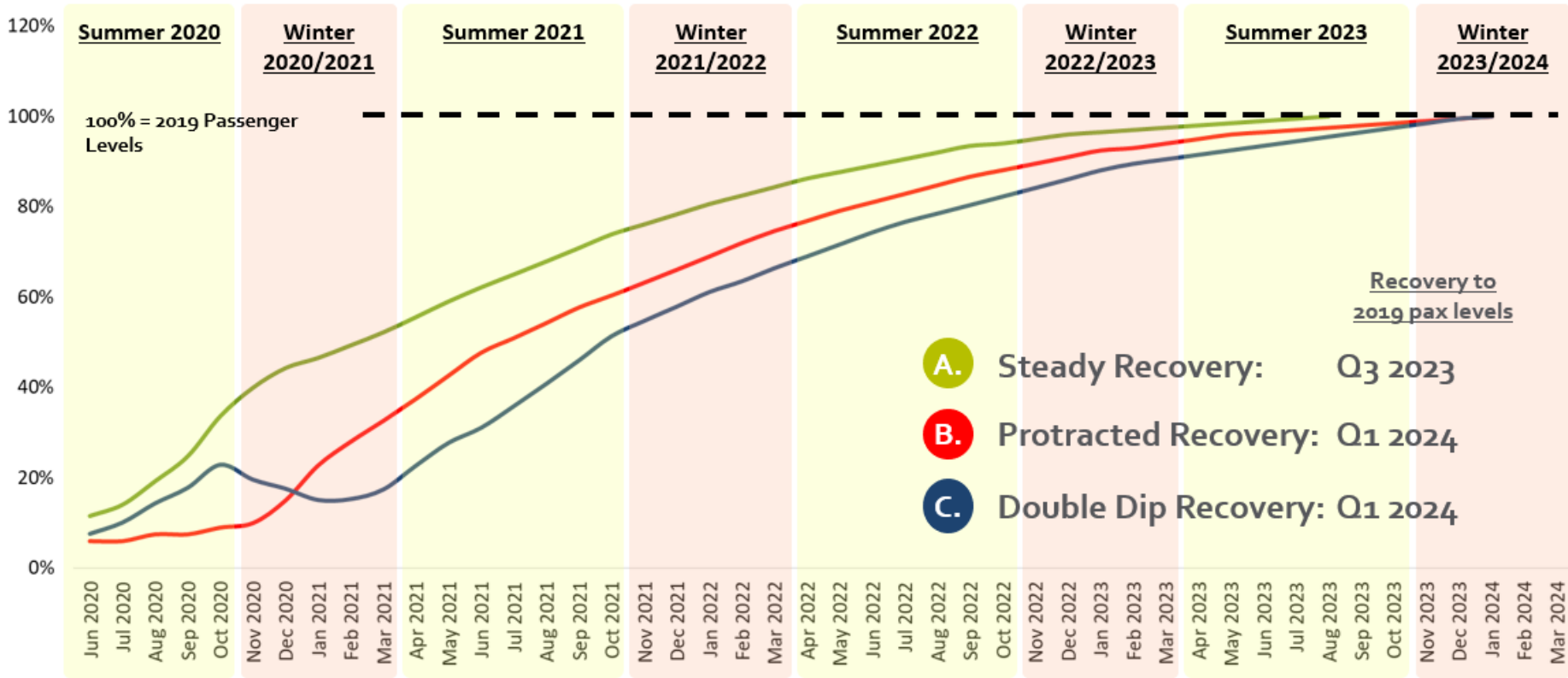
Connectivity- May 2020

## YLW Connectivity Analysis Dashboard

Select Year: 2020 | Select Month: May | Connecting Airport: (All)



# YLW Air Service Recovery Scenarios



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

# Air Service Development Update



- ▶ Air Canada – Vancouver and Toronto
- ▶ Air North – Vancouver and Whitehorse
- ▶ Central Mountain Air – Calgary, Prince George, Fort St. John (not direct) and Terrace (not direct)
- ▶ Flair – Calgary, Edmonton, Vancouver and Winnipeg
- ▶ Pacific Coastal – Cranbrook and Victoria
- ▶ Swoop – Toronto
- ▶ WestJet – Calgary, Edmonton and Vancouver

# Air Service Development Update

## ▶ Air Canada Jetz

- ▶ 3 AC Jetz flights on the schedule
- ▶ Potential for March program



### ESCAPE IN COMFORT THIS WINTER WITH AIR CANADA JETZ

Starting December 12, we're adding our fleet of Air Canada Jetz aircraft to select routes for extra comfort and more personal space.

Flights will be departing from prime gate locations and begin boarding only 35 minutes before departure. With only 58 seats, you'll enjoy a quicker, more convenient boarding and deplaning experience.

[aircanada.com](http://aircanada.com)



FLIGHT	ROUTE	AS OF	FLIGHT	ROUTE	AS OF
1228	Montreal (YUL) > Barbados (BGI)	Dec 18	1218	Toronto (YYZ) > Fort Myers (RSW)	Dec 22
1229	Barbados (BGI) > Montreal (YUL)		1219	Fort Myers (RSW) > Toronto (YYZ)	
1216	Montreal (YUL) > Fort Lauderdale (FLL)	Dec 12	1224	Toronto (YYZ) > Kelowna (YLW)	Dec 19
1217	Fort Lauderdale (FLL) > Montreal (YUL)		1225	Kelowna (YLW) > Toronto (YYZ)	
1220	Toronto (YYZ) > Barbados (BGI)	Dec 14	1211	Toronto (YYZ) > Vancouver (YVR)	Dec 22
1221	Barbados (BGI) > Toronto (YYZ)		1210	Vancouver (YVR) > Toronto (YYZ)	
1232	Toronto (YYZ) > Cancun (CUN)	Dec 20	1212	Vancouver (YVR) > Phoenix (PHX)	Dec 20
1233	Cancun (CUN) > Toronto (YYZ)		1213	Phoenix (PHX) > Vancouver (YVR)	
1214	Toronto (YYZ) > Fort Lauderdale (FLL)	Dec 12	1226	Vancouver (YVR) > Palm Spring (PSP)	Dec 19
1215	Fort Lauderdale (FLL) > Toronto (YYZ)		1227	Palm Spring (PSP) > Vancouver (YVR)	
1222	Toronto (YYZ) > West Palm Beach (PBI)	Dec 18	1230	Vancouver (YVR) > Puerto Vallarta (PVR)	Dec 18
1223	West Palm Beach (PBI) > Toronto (YYZ)		1231	Puerto Vallarta (PVR) > Vancouver (YVR)	



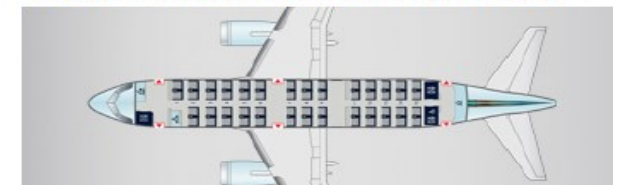
Relax in spacious recliner seats, offering 42-49 inch seat pitch, as compared to our mainline A319 Business Class pitch of 37 inches.



Air Canada Jetz A319s feature in-seat power, complimentary individual iPads pre-loaded with movies and entertainment, and onboard Wi-Fi (available for purchase).



Families and friends can take advantage of our group seating arrangements, which feature four facing seats with a table in the middle. Group seating arrangements (3 or 4 people) are provided at the airport, please see an agent once at the gate.



# Air Service Development Update

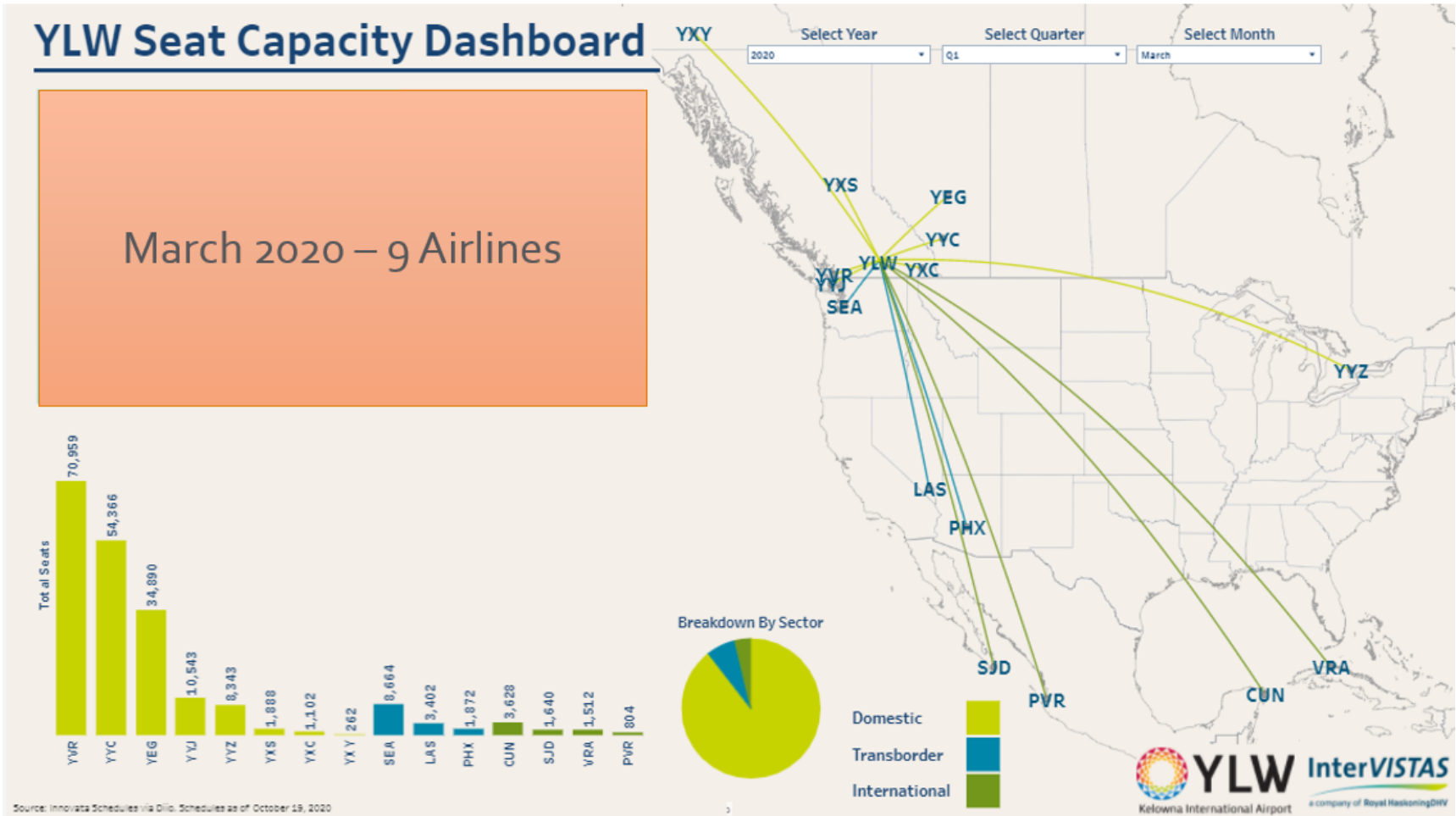
## Swoop – Welcome Back!

The Swoop logo is written in a stylized, pink, cursive font with a small pink airplane icon at the end of the word.

- ▶ Swoop'n into YLW 4x weekly
- ▶ First flight October 25<sup>th</sup>
- ▶ B737-800 189 seat configuration
- ▶ Brand, operation and network separate from WestJet (no connections into WestJet)
- ▶ Targeting 40% cheaper fares

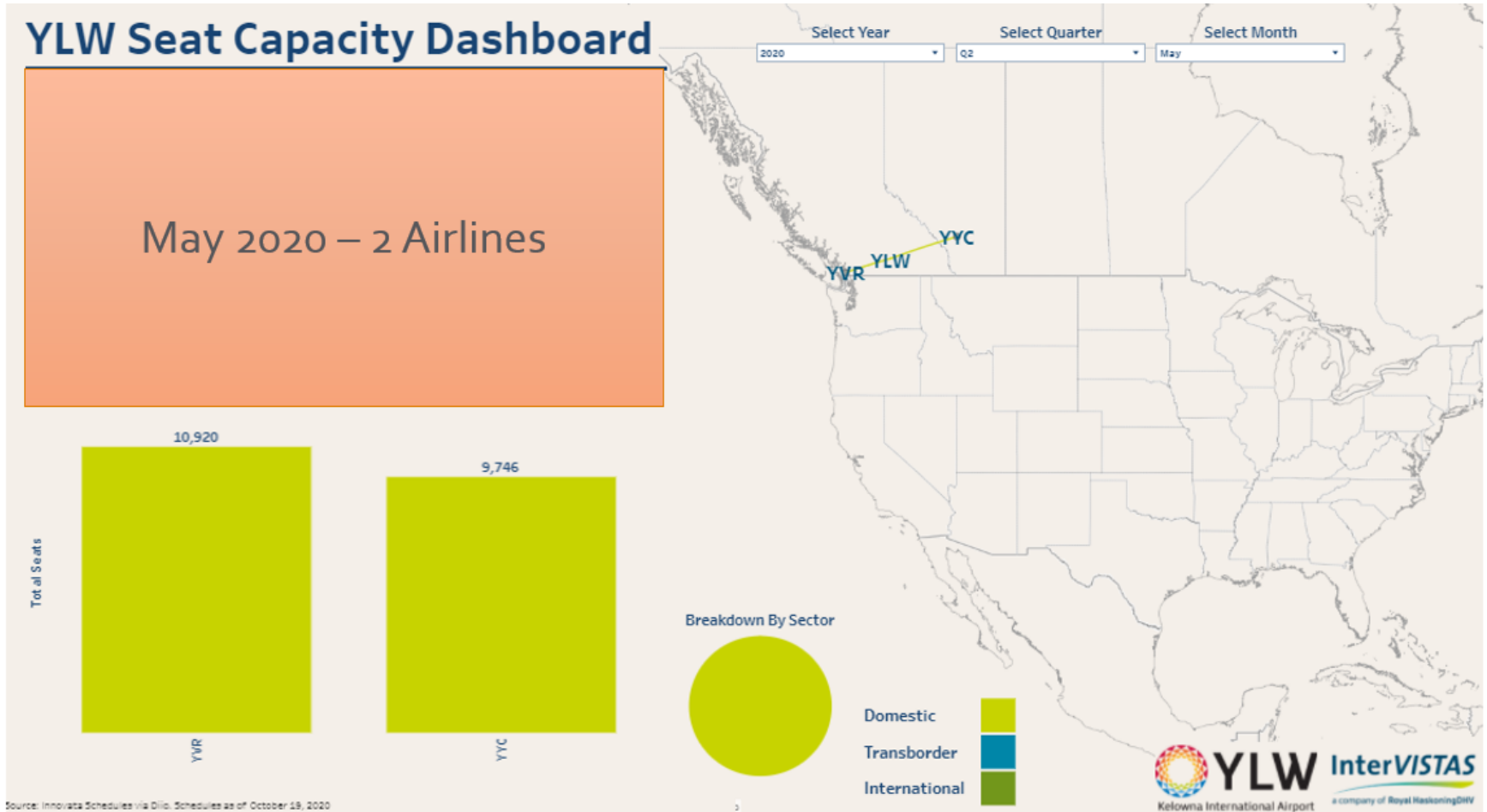
# Air Service Development Update

Seat Capacity March 2020



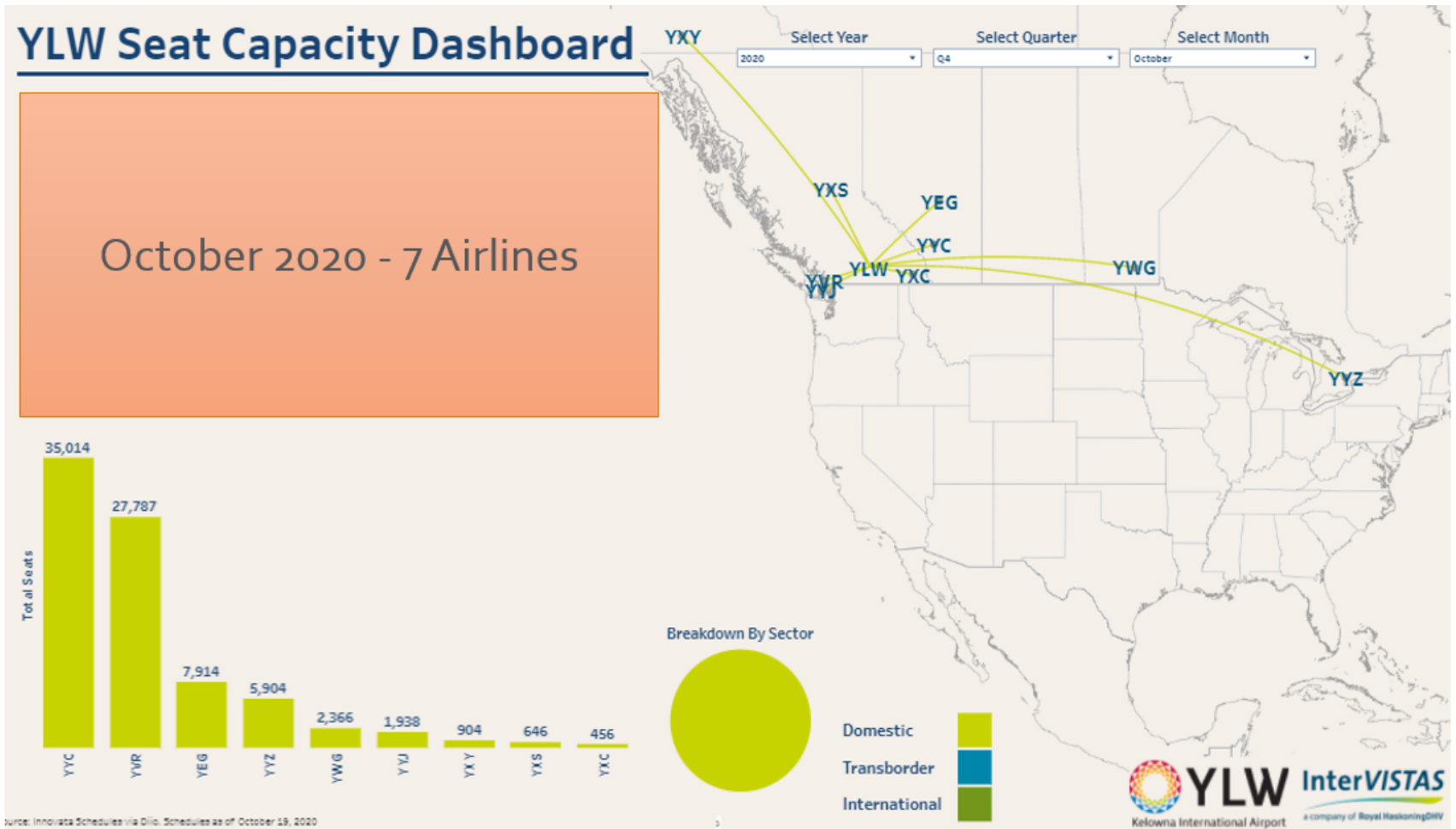
# Air Service Development Update

Seat Capacity May 2020



# Air Service Development Update

Seat Capacity Oct 2020







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Kelowna International Airport



# Financial Update



# Financial Update – Q3 2020

## ▶ Statement of Operations

	9 Months Ended September 30, 2020	9 Months Ended September 30, 2019	Variance	% Variance
<b>Revenue</b>				
AIF	6,039,000	12,145,000	(6,106,000)	-50%
Parking	2,369,000	5,794,000	(3,425,000)	-59%
Landing Fees	1,635,000	3,282,000	(1,647,000)	-50%
Terminal Fees	1,193,000	2,703,000	(1,510,000)	-56%
Car Rental	1,620,000	2,707,000	(1,087,000)	-40%
Leases	901,000	1,077,000	(176,000)	-16%
Food and Beverage	245,000	656,000	(411,000)	-63%
Other	942,000	776,000	166,000	21%
	<b>14,944,000</b>	<b>29,140,000</b>	<b>(14,196,000)</b>	
<b>Expenditures</b>				
Salaries and Wages	2,946,000	3,485,000	(539,000)	-15%
Building Maintenance and Technical Services	2,549,000	2,957,000	(408,000)	-14%
Interest	539,000	539,000	-	0%
Security	520,000	625,000	(105,000)	-17%
Municipal Fee	454,000	1,002,000	(548,000)	-55%
Professional and Consulting Services	367,000	581,000	(214,000)	-37%
Electricity	318,000	266,000	52,000	20%
Purchased Services	317,000	409,000	(92,000)	-22%
Fuel	296,000	561,000	(265,000)	-47%
Software Maintenance	268,000	356,000	(88,000)	-25%
Advertising, Marketing, Media and Publications	192,000	379,000	(187,000)	-49%
Other	875,000	746,000	129,000	17%
	<b>9,641,000</b>	<b>11,906,000</b>	<b>(2,265,000)</b>	<b>-19%</b>
<b>Surplus</b>	<b>5,303,000</b>	<b>17,234,000</b>	<b>(11,931,000)</b>	<b>-69%</b>

# COVID-19 Financial Forecasting

## ▶ 3 Scenarios

Month	Steady	Double Dip	Protracted
	Total	Total	Total
<b>Total</b>	<b>809,281</b>	<b>753,875</b>	<b>734,367</b>

1998

1997

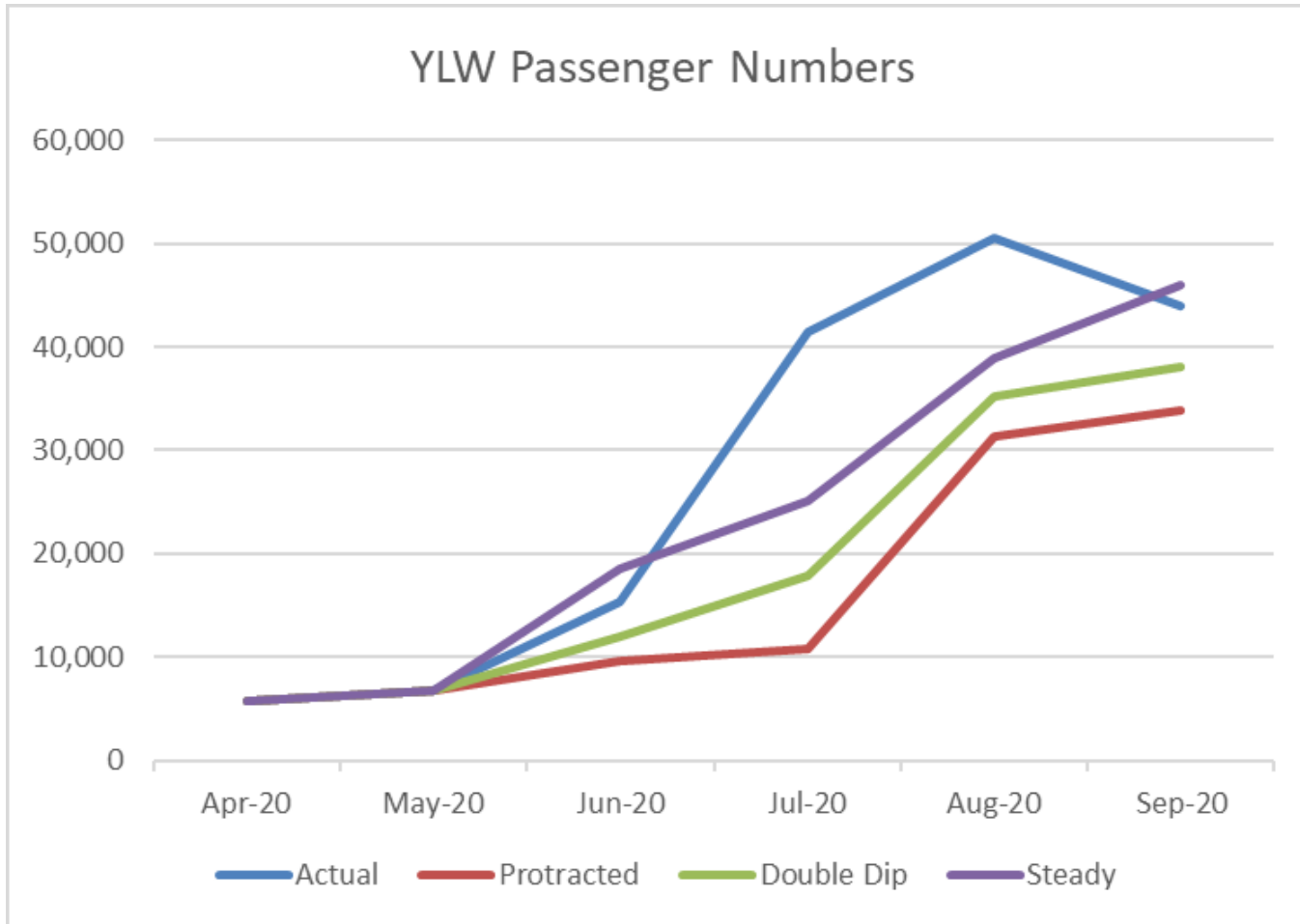
1996/97

-60%

-63%

-64%

# COVID-19 Financial Forecasting



# COVID-19 Financial Forecasting - Non-AIF

	2020 Budget	Steady	Double Dip	Protracted
Revenues	23,069,000	11,284,000	10,756,000	10,569,000
Interest Income	731,000	-	-	-
Operating Expenditures	(17,619,000)	(12,533,000)	(12,533,000)	(12,533,000)
Payment to COK	(1,526,000)	(454,000)	(454,000)	(454,000)
Capital Expenditures	(3,748,000)	(1,078,000)	(1,078,000)	(1,078,000)
Acquisition of Property	-	(737,000)	(737,000)	(737,000)
Debt Payments*	(900,000)	(900,000)	(900,000)	(900,000)
<b>Total</b>	<b>7,000</b>	<b>(4,418,000)</b>	<b>(4,946,000)</b>	<b>(5,133,000)</b>
Opening Reserve	25,200,000	21,450,000	21,450,000	21,450,000
<b>Ending Reserve</b>	<b>25,207,000</b>	<b>17,032,000</b>	<b>16,504,000</b>	<b>16,317,000</b>

# COVID-19 Financial Forecasting – Non-AIF

- ▶ \$5.1M (29% reduction)
  - ▶ Salaries and Wages (\$1.4M)
  - ▶ Professional, Consulting and Purchased Services(\$1.1M)
  - ▶ Maintenance – Facility and Software (\$0.8M)
  - ▶ Advertising, Marketing, Media and Publications (\$0.4M)
  - ▶ Security (\$0.3M)
  - ▶ Utilities (\$0.3M)
  - ▶ Fuel (\$0.2M)
  - ▶ Materials and Supplies (\$0.2M)
  - ▶ Travel and Training (\$0.2M)

# COVID-19 Financial Forecasting – Non-AIF Capital Plan

Project	2020 Budget	Budget Underrun	COVID-19 Deferral	2020 Forecasted Spend
<b><u>Airside</u></b>				
Airfield Cable Replacement	120,000	-	120,000	-
Inoperable Aircraft Mover	60,000	-	60,000	-
Ops Stand 5 Concrete Panels	320,000	-	320,000	-
<b><u>Groundside</u></b>				
Airport Way Safety Improvements	250,000	-	250,000	-
Parking Lot Equipment	529,000	-	529,000	-
Hazard Beacons and Towers	21,000	16,000	-	5,000
Long-term and Convair Way Parking Lot Upgrades	2,778,000	1,386,000	1,080,000	312,000
Airport Road Improvements	79,000	49,000	-	30,000
Tugway Gate Controls	21,000	21,000	-	-
Light Standard Replacements	100,000	-	100,000	-
NPSV Traffic Management	85,000	-	85,000	-
<b><u>Terminal</u></b>				
ATB Improvements	945,000	120,000	455,000	370,000
Roof Replacement Program	775,000	22,000	750,000	3,000
Paging System	6,000	1,000	-	7,000
Small Capital	150,000	-	-	150,000
Advertising Nodes	461,000	-	461,000	-
Chiller and Cooling Tower	416,000	365,000	-	51,000
Common Use Counter Expansion	250,000	-	250,000	-
Integrated Security Network	250,000	100,000	-	150,000
PBB PLC Upgrades	640,000	-	640,000	-
<b>TOTAL</b>	<b>8,256,000</b>	<b>2,078,000</b>	<b>5,100,000</b>	<b>1,078,000</b>

# COVID-19 Financial Forecasting - AIF

	2020 Budget	Steady	Double Dip	Protracted
Revenues*	23,810,000	7,868,000	7,242,000	7,019,000
Operating Expenditures	-	-	-	-
Capital Expenditures	(24,419,000)	(3,814,000)	(3,814,000)	(3,814,000)
Debt Payments**	(2,481,000)	(2,481,000)	(2,481,000)	(2,481,000)
<b>Total</b>	<b>(3,090,000)</b>	<b>1,573,000</b>	<b>947,000</b>	<b>724,000</b>
Opening Reserve	11,269,000	10,513,000	10,513,000	10,513,000
<b>Ending Reserve</b>	<b>8,179,000</b>	<b>12,086,000</b>	<b>11,460,000</b>	<b>11,237,000</b>



# 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 - \$0.2M
Drive to 1.6M and Flight to 2020	Various	Complete in full.	2020 Spend - \$0.5M

# Financial Update

## ▶ Debt Repayment Schedule

	2020 (Remaining)	2021	2022	2023	2024	2025	2026	2027	Total
Principal	-	1,897,000	1,897,000	1,897,000	1,897,000	1,897,000	1,258,000	698,000	<b>11,441,000</b>
Interest	45,000	584,000	584,000	584,000	584,000	584,000	333,000	112,000	<b>3,410,000</b>
	<b>45,000</b>	<b>2,481,000</b>	<b>2,481,000</b>	<b>2,481,000</b>	<b>2,481,000</b>	<b>2,481,000</b>	<b>1,591,000</b>	<b>810,000</b>	<b>14,851,000</b>

### ▶ Paid in 2020

- ▶ Principal: \$1,897,000
- ▶ Interest: \$539,000

### ▶ 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 June 30, 2020)



Tier 1 & 2 Aeronautical Revenues per Landed Carrier Seat  
(12 Months Ended June 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, Halifax, Quebec City
\$ 30.00	Calgary, Edmonton
\$ 29.00	Moncton
\$ 28.00	Ottawa
\$ 25.00	Pearson, Vancouver, Kelowna, Hamilton, Prince George
\$ 23.00	Saskatoon
\$ 20.00	Regina
\$ 15.00	Victoria, Billy Bishop
\$ -	Abbotsford

# Fees and Charges

- ▶ No increases proposed for 2021
  - ▶ AIF
  - ▶ Landing
  - ▶ Terminal
  - ▶ Parking



# Recommendations

# Recommendations

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



Kelowna International Airport

*Questions?*

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