

Report to Council



Date: July 25, 2016
File: 1140-50
To: City Manager
From: Shayne Dyrdal, Senior Airport Finance and Corporate Services Manager
Subject: E & D Aircraft Services Ltd. doing business as Okanagan Aero Engine renewal of Lease at Kelowna International Airport
Report Prepared by: Toni McQueenie, Airport Administration Manager

Recommendation:

THAT Council approves the City entering into a 15-year Lease Agreement with E & D Aircraft Services Ltd. doing business as Okanagan Aero Engine for lands at Kelowna International Airport, with the option to renew for an additional 1-year term, in the form attached to the Report of the Airport Director dated July 25, 2016;

AND THAT the Mayor and City Clerk be authorized to execute the Lease Agreement.

Purpose:

To receive Council's approval for the 15-year renewal of the Lease Agreement between E & D Aircraft Services Ltd. doing business as Okanagan Aero Engine and the City with respect to lands at Kelowna International Airport.

Background:

At the February 15, 2016 closed Council meeting, City Council directed airport staff to negotiate the renewal of the Lease between the City of Kelowna and E & D Aircraft Services Ltd. doing business as Okanagan Aero Engine and to report back to Council with the finalized Lease Agreement.

Airport staff has negotiated a renewal of the Lease Agreement on the terms presented at the February 15, 2016 closed Council meeting.

Legal/Statutory Authority: Public Notice of disposition of lands was published in the Kelowna Capital News on January 22, 2016 and January 29, 2016.

The form of Lease is the standard template used for all Airport land leases, which was approved by the City's solicitor in 2015.

Financial/Budgetary Considerations:

The Lease rental rate at renewal will be \$0.37130 per square foot and the Airport maintenance charge will be \$0.02971 per square foot. This rate is based on the 2015 lease rental rate plus 2% per annum and is consistent with the Airport Fees and Charges Bylaw No. 7982.

These rates are supported by the YLW Land Lease Policy Review conducted by Kent Macpherson, Real Estate Appraisers, dated December 20, 2011, which states, "with respect to the modification of an existing lease which might encompass the expansion of the ground lease area to accommodate a building addition or, in the case of a major renovation or capital improvement program, an extension of the lease term, it is my opinion that the rental rate attributable to the expanded land lease area should be the same as the existing contract rental rate structure. The same applies for a lessee wishing to extend the term of an existing lease because of a proposed expansion or capital reinvestment."

Considerations not applicable to this report:

Internal Circulation: 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:

S. Dyrdal, Senior Airport Finance and Corporate Services Manager

Approved for inclusion:



Sam Samaddar, Airport Director
Ron Mattiussi, City Manager