



Airport Advisory Committee

Minutes

Date:	Thursday, October 29, 2020
Time:	10:00 am
Location:	Airport Administration Boardroom Kelowna International Airport 1-5533 Airport Way Kelowna, BC
Members Present	Chair, Mayor Colin Basran, City of Kelowna Mayor James Baker, District of Lake Country Chair Gail Given, Regional District of Central Okanagan
Members Participating Remotely	Councillor Brad Sieben, City of Kelowna Mayor Cindy Fortin, District of Peachland Mayor Alan Harrison, City of Salmon Arm Councillor Doug Flndlater, City of West Kelowna Andre Blanleil, Kelowna City at Large Joseph Clohessy, Tourism Kelowna David Hull, Summerland Chamber of Commerce Craig Garries*, Greater Westside Board of Trade Jeff Robinson, Kelowna Chamber of Commerce Grant Stevens, KF Aerospace, Aviation Industry Representative Darrin Taylor, Greater Vernon Chamber of Commerce Lesley Cormack, UBCO Corie Griffiths, Economic Development Commission
Members Absent	Mayor John Vassilaki, City of Penticton Councillor Akbal Mund, City of Vernon Councillor Fernanda Alexander, Westbank First Nation
Staff Present	Airport Director, Sam Samaddar, City of Kelowna Senior Airport Development Manager, Geoff Ritchie
Staff Participating Remotely	City Manager, Doug Gilchrist Senior Airport Operations Manager, Phillip Elchitz Airport Finance & Corporate Services Manager, Shayne Dyrdal* Legislative Technician, Rebecca Van Huizen

(* denotes partial attendance)

1. Call to Order

The Chair called the meeting to order at 10:05 a.m.

2. Confirmation of Minutes – Mayor Basran

Moved by Chair Gail Given/Seconded by Councillor Brad Sieben

THAT the Minutes of the July 28, 2020 Airport Advisory Committee meeting be adopted.

3. Reports

Operations Update:

Senior Airport Operations Manager:

- Displayed a PowerPoint presentation providing an update on the operations of the airport.
- Went over September 2020 passenger statistics – noted this was at a 72% reduction compared to September 2019 numbers.
- Went over 2020 passenger statistics to date.
- Anticipating by end of year, the Airport will have seen about 753,000 passengers, a 63% reduction compared to end of year 2019.
- Accelerating ahead of other tier 2 airports in the country, comeback is happening quicker.
- Went over comparison of passenger traffic from 2003-2020.
- Currently trending around 1999 numbers.
- Noted the challenge of balancing cost reductions with ensuring the Airport remains fully operational.
- Continuing to work on cost and staff reduction.
- Went over daily departures leaving the Airport before and during COVID-19.
- In February 2020 had 47 departures from the Airport, at lowest in April 2020 had 3 daily departures, and in October 2020 had 15 daily departures.
- Well below the three-year average.
- Went over operational changes since the last Airport Advisory Committee meeting in July 2020.
- Masks remain mandatory in all public areas – this applies to both passengers and Airport staff.
- Expect this to remain in place as the Airport terminal was never designed for physical distancing.
- Baggage screening system and the outbound baggage reopened in the summer of 2020.
- Terminal building hours of operations have expanded since the last AAC meeting in July 2020.
- Airside White Spot has reopened and hours are expanding for Tim Hortons.
- 6 of the 10 operational stands are in use, keeping 3 closed to reduce maintenance costs.
- Valet remains closed as well several parking lots.
- Customs remains closed.
- Kelowna Airport has been designated in the interior as an airport that can accept corporate aircraft from the states.
- Transport Canada has mandated temperature screening, which is applicable to both passengers and staff within the Airport. This is an important piece with customer confidence.
- Had just under 50 positions approved in the 2020 pre-COVID-19 budget.
- Operating currently with 38 staff during the winter operations.
- Went over future operational opportunities for the Kelowna Airport including contact tracing, touchless travel and rapid testing.
- Kelowna Airport is working with a local company to see how these operational opportunities would look.

Airport Director:

- Elaborated on COVID-19 testing protocols happening in Edmonton, Toronto and Vancouver airports.
- Different provinces have different requirements for inbound passengers.
- COVID-19 testing go hand in hand with contact tracing.
- Have been working with local company about a contact tracing app.
- There is an opportunity to bring a contact tracing option to the Kelowna Airport.
- There is a focus on building confidence with travelers.
- Went over measures Kelowna Airport is taking from a health and safety perspective.
- Responded to questions from the Committee.

Soaring Beyond 2.5 Million Passengers AIF Program Update:

Senior Airport Development Manager:

- Displayed a PowerPoint presentation providing an AIF program update to the Committee.
- Provided updates on current projects on the go at the Kelowna Airport, which included Design Development of ATB Expansion, Airside Pavement Rehabilitation and purchase of Airside Equipment (Dump truck and Water tank).
- Went over projects that had been deferred due to COVID-19, which included Delta Rehab – Phase 2, Apron 1 South Expansion Design, Airside Lighting and Supporting Infrastructure Design, Self-Serve Bag Drop Consultation and Airside Equipment purchase.
- Financial goals remain the same.
- Have managed costs at the Airport to maintain consistent fees and charges.
- Some airports have increased their fees and charges by up to 30%.
- Went over Air Service Development Update.
- Displayed infographics showing Kelowna Airport's Connectivity Analysis throughout the world, before and during COVID-19.
- Kelowna Airport is still utilizing the three recovery models (Steady Recovery, Protracted Recovery, Double Dip Recovery).
- Still trending slightly ahead of the Double Dip model.
- Noted that Kelowna Airport has seen significant recovery, and has seen one of the best recoveries in Canada.
- Provided updates on which airlines are currently flying out of the Airport and to which destinations.
- Noted that Kelowna Airport will be home to Air Canada Jetz, which is a plane typically used for flying hockey teams, on a seasonal basis.
- Kelowna Airport is one of four airports in Canada that will have Air Canada Jetz service, which sends a big message.
- Noted that Swoop Airlines is back at Kelowna Airport.
- Swoop offers low cost flights to Toronto, which if maintained through the winter season will help bring skiers to the region and promote domestic travel.
- Noted that before COVID-19 60% of Canadians could not afford to fly.
- Provided infographics on Kelowna Airport's Seat Capacity.
- Before COVID-19 approximately 71,000 passengers were flying to Vancouver per month through 9 airlines.
- During May 2020 this number dropped to 12,000 passengers through 2 airlines.
- October 2020 has seen an increase to approximately 35,000 passengers on 7 airlines.
- Calgary is currently the biggest market destination right now.
- As Kelowna Airport maintains low fees and charges, while maintaining operational service, this attracts airlines to Kelowna.
- Every airline is looking at their schedule through a different model. Some are planning shorter, week

by week, or into next year.

- Confirmed sun operators (ex. Mexico) are not looking to operate in the winter right now.
- Responded to questions from the committee.

Airport Director:

- Indicated that the Kelowna Airport has been in discussions with ski resorts early on in the year.
- Trying to help promote domestic travel within Canada.
- Noted that Kelowna Airport handled as much passenger traffic as Ottawa did in September 2020.
- Economic impact for recovery may take years to come back.
- Responded to questions from the Committee.

Financial Update:

Senior Airport Finance & Corporate Services Manager:

- Had to restart computer as they were experiencing technical difficulties when presentation started.

Airport Director:

- Took over by providing updates on advocacy side.
- Airports have been looking to Ottawa for financial relief.
- Have been told from the federal government there is some imminent relief coming.
- Noted that Victoria Airport has been receiving \$200,000 a month through the employee wage subsidy, which Kelowna Airport is not eligible for.
- Has been told there will be some form of support from the federal government.
- Indicated there are some airports on the verge of bankruptcy.
- Colleagues within the United States have seen relief upwards of \$10.5 billion.
- Some 40 European airports are on the verge of bankruptcy.

Senior Airport Finance & Corporate Services Manager:

- Displayed a PowerPoint presentation providing a financial update for the Kelowna Airport to the Committee.
- Provided an update on the Q3 Statement of Operations.
- Compared 9 Months Ended September 30, 2020 to 9 Months Ended September 30, 2019.
- Kelowna Airport had \$5 million surplus in for the 9 months ended September 30, 2020.
- Surplus has dropped by about 70% compared to the same period in 2019.
- Indicated that Kelowna Airport's revenue streams are directly or indirectly related passenger numbers.
- Noted that AIF revenues incurred a 50% decrease as enplaned passengers decreased 60% but the increase of the AIF from \$20 to \$25 in March 2020 partially offset the decrease in passengers.
- Noted that car rental revenues were down 40%.
- Kelowna Airport made a concerted effort to decrease their expenditures.
- Forecasting a reduction of \$1.4 million in wages compared to budget.
- Indicated that the Kelowna Airport's building maintenance is forecasted to be down \$400,000 compared to budget.
- Have reduced the use of bridges which helps reduce maintenance and janitorial.
- Noted there has been a substantial reduction for the municipal fee that is paid into the municipality as part of the payment has been deferred to 2021.
- Noted the same overcharge for electricity from 2018 that was noted at the Committee meeting in July, electricity usage has actually decreased.
- Noted the financials are as good as we could hope for, but not a bright picture due to COVID-19.
- Doing a monthly update to the financial forecasting.
- As mentioned by the Senior Airport Development Manager earlier in the Committee meeting, using

the same three recovery models (Steady Recovery, Protracted Recovery, Double Dip Recovery) for financial forecasting.

- Noted that the Double Dip Recovery model has been used for decision making.
- Based on the information available at the end of September, 2020 passengers are forecasted to decrease 60-64% compared to 2019.
- These passenger numbers are equal to those experienced during 1996-1999.
- Actual passenger numbers have been tracking between Double Dip Recovery model and Steady Recovery model.
- Reiterated to the Committee that AIF funds can only be spent on capital expenditures.
- Non-AIF funds can be spent on operating and capital expenditures.
- Identified some major shifts in the business of the Kelowna Airport to reduce spending.
- Noted operating expenditures have decreased.
- Mentioned to the Committee, that the Kelowna Airport is anticipating drawing down on their non-AIF reserves by about \$5 million in 2020.
- Mentioned how well the Kelowna Airport has done to continuously identify ways to reduce costs to put the Kelowna Airport in a better position to participate in the recovery from COVID-19.
- Noted that some of the larger Non-AIF Capital funding projects were stopped completely except for those that were contractually obligated to finish, were urgent in nature or safety based.
- AIF funds are the Kelowna Airport's largest revenue stream.
- Went over which development projects have continued through COVID-19, these included the Airside Pavement rehab – Taxiway Delta and design for ATB Expansion.
- Noted which ones development projects have been deferred which included Apron 1 South Expansion – Gates 10 and 11, Airside Lighting and Supporting Infrastructure, Self-serve Bag Drop and purchases of Airside Equipment.
- Went over debt repayment schedule.
- Noted that in 2020, Kelowna Airport paid in debt principal of approximately \$1.9 million, and just over \$500,000 in interest.
- In total there is about \$15 million to repay all loans that are outstanding and interest on the loans that are outstanding.
- Confirmed a question raised at the last Committee meeting that Kelowna Airport cannot defer or change the terms on their outstanding loans.
- Went over the Aeronautical Revenues per Landed Air Carrier Seat, which is what it costs an airline to operate per seat, compared to other airports across Canada.
- Kelowna Airport is at the low end for both Tier 1 and Tier 2 airports at \$6.07 aeronautical revenues per landed air carrier seat. Substantially less than the median average.
- Noted that there have been significant increases to AIF by airports throughout Canada.
- With Kelowna Airport maintaining the \$25 AIF fee this helps ensure YLW remains low cost, compared to other airports.
- Noted there are no proposed fee increases for 2021.
- By keeping fees low, the Kelowna Airport can generate additional air service.
- Noted that Victoria has higher and additional revenue streams which is why they have a low AIF fee of \$15.
- Responded to questions from the Committee.

Senior Airport Development Manager:

- Responded to questions from the Committee.
- Noted that there may be future expansion on the East and West lands of the Airport.
- As well as Aeronautical and non-Aeronautical revenue streams.

4. Recommendations

Moved by Andre Blanleil/Seconded by Mayor James Baker

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

5. Questions & Wrap Up

6. Termination of Meeting

The Chair declared the meeting terminated at 11:21 a.m.

Chair

/rvh