

Airport Advisory Committee Meeting

July 26, 2023



Agenda

- ▶ Welcome and introductions
- ▶ Airport Overview
- ▶ Operational Overview
- ▶ Commercial, Capital Project & Air Service Overview
- ▶ Financial Overview
- ▶ Questions



YLW

Kelowna International Airport

Airport Overview



YLW Strategic Goals

Optimization & Transformation

Improve and innovate the way we plan and operate our business

Driver of Regional Economic Development

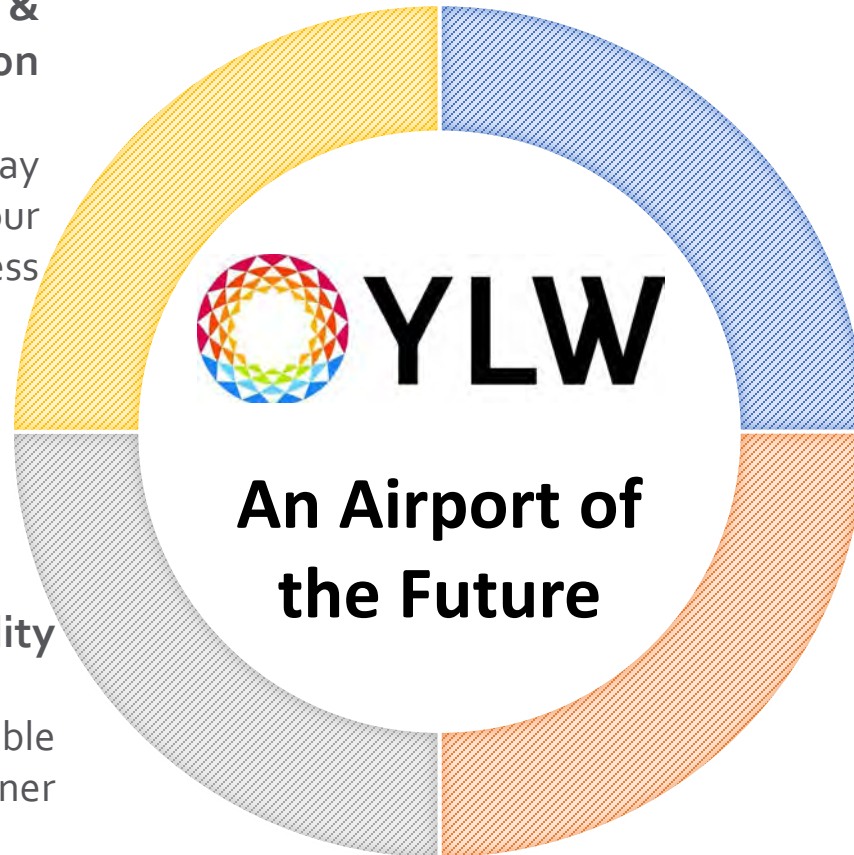
Lead and foster economic prosperity within the region

Financial Responsibility

Act in a financially sustainable & resilient manner

Accountable Leadership

Lead in the areas of safety, security, social responsibility and the environment



Kelowna International Airport

- ▶ Largest municipally owned airport in Canada
- ▶ 10th busiest airport in Canada

Airport

- 1 Toronto Pearson
- 2 Vancouver
- 3 Montreal
- 4 Calgary
- 5 Edmonton
- 6 Halifax
- 7 Winnipeg
- 8 Ottawa
- 9 Toronto Billy Bishop
- 10 Kelowna**
- 11 Victoria
- 12 Quebec City
- 13 St. John's
- 14 Saskatoon
- 15 Regina

Kelowna International Airport

- ▶ More than 60 daily non-stop commercial flights
 - ▶ 10 airlines





YLW

Kelowna International Airport

Operational Overview

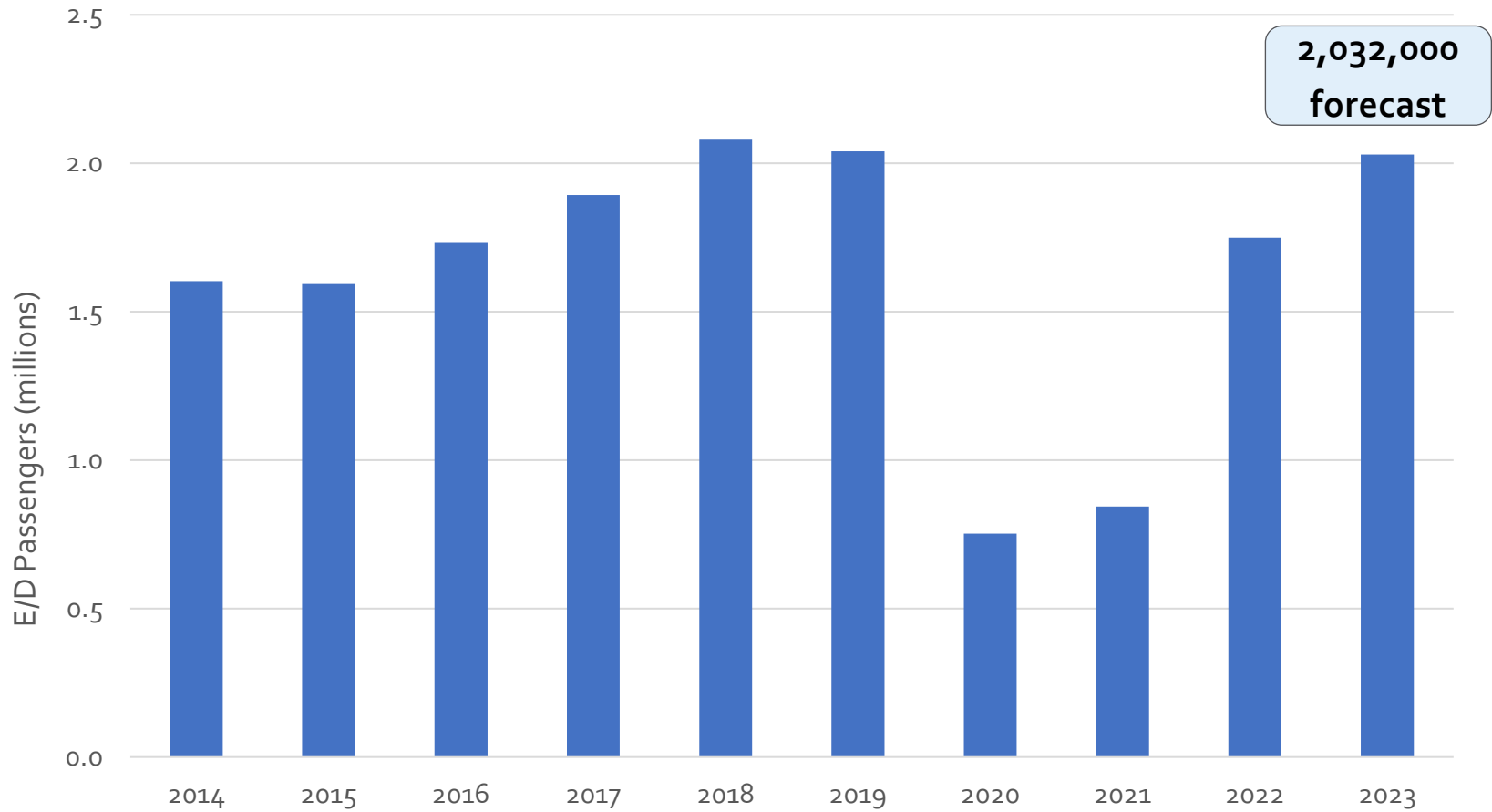


2023 Monthly Passengers

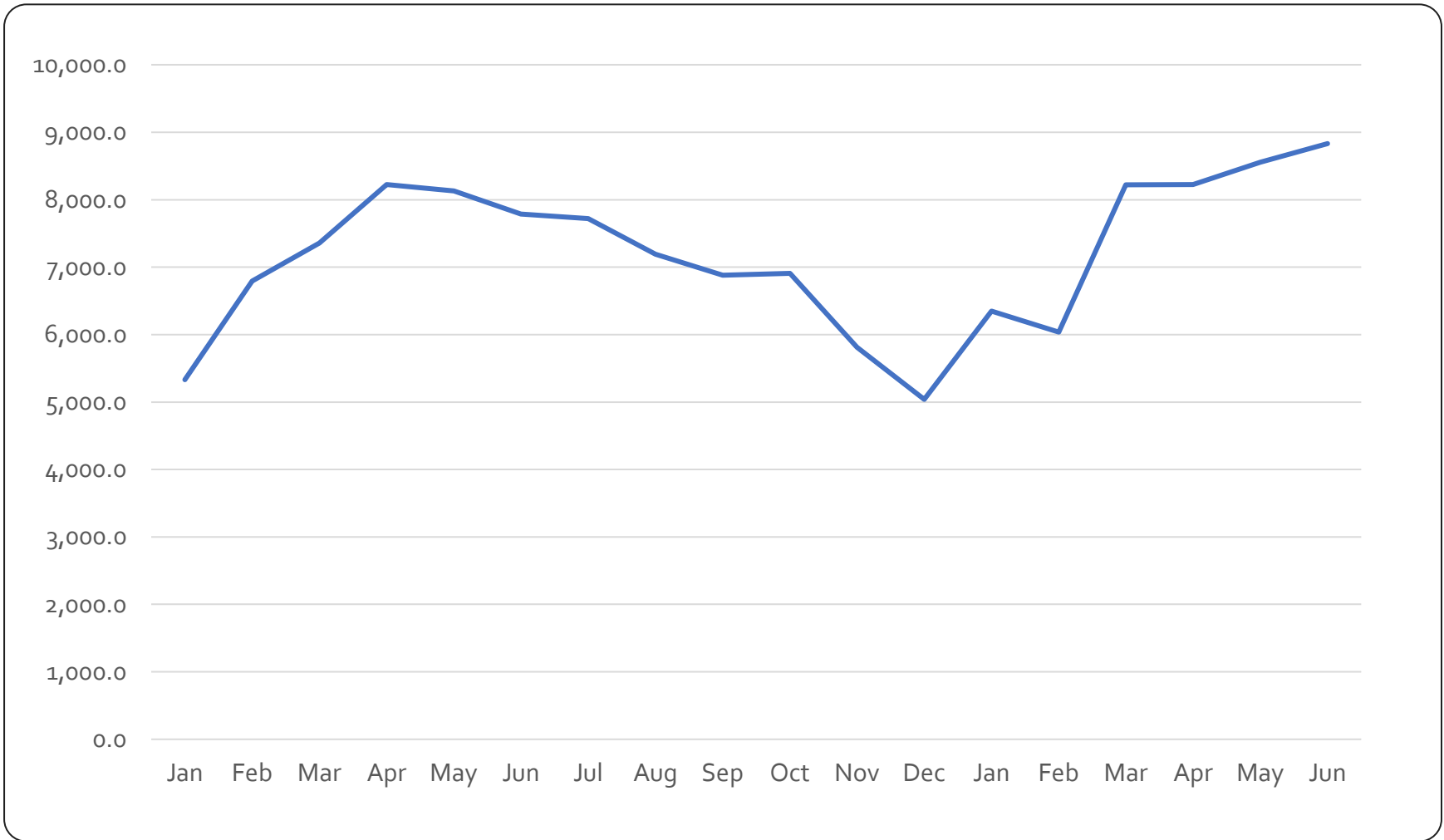
	Monthly	% Monthly (2023)	YTD	% YTD (2022)	%YTD (2019)
January	167,687	71%	167,687	71%	-7.7%
February	165,653	59%	333,340	65%	-7.6%
March	179,122	42%	512,462	56%	-7.5%
April	153,507	21%	665,969	46%	-6.2%
May	156,491	6%	822,460	36%	-4.9%
June	177,067	5.8%	999,527	30%	-2.6%

2023 Forecast	2,032,000
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2014 – 2023 Passenger Statistics



2022 / 2023 Aircraft Movements



Airport Operations



Groundside Parking / Rental Car Operations



Terminal / Apron Airside Operations



Airside Maintenance and Snow Operations



Aircraft Firefighting & First Medical Response

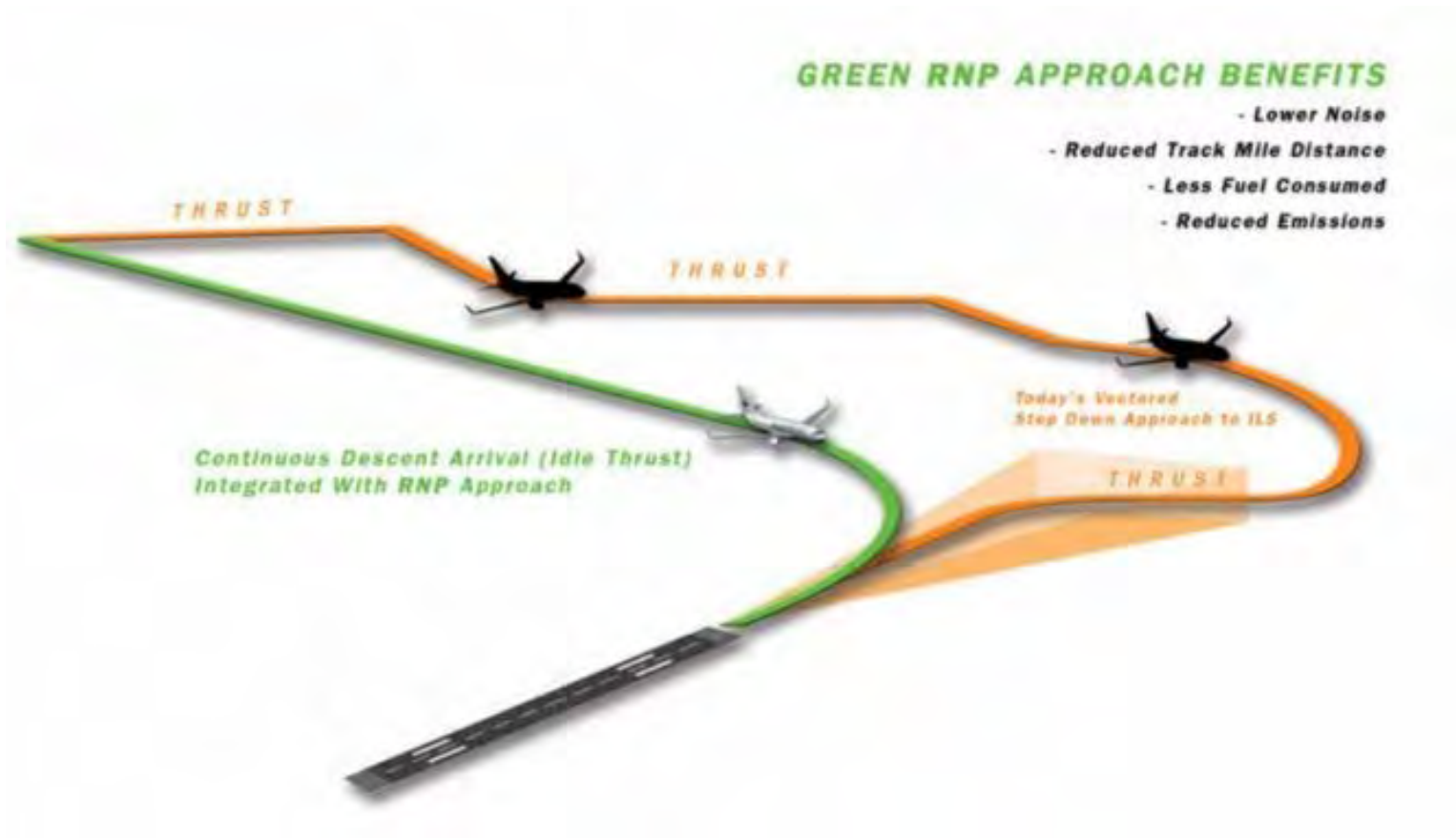


Aircraft Operations

- ▶ Most challenging approach in Canada for commercial airline operators (WestJet / Air Canada) due to mountainous terrain
- ▶ Largest mix of medium weight high speed commercial traffic and light weight slower general aviation aircraft into a single runway environment in Canada

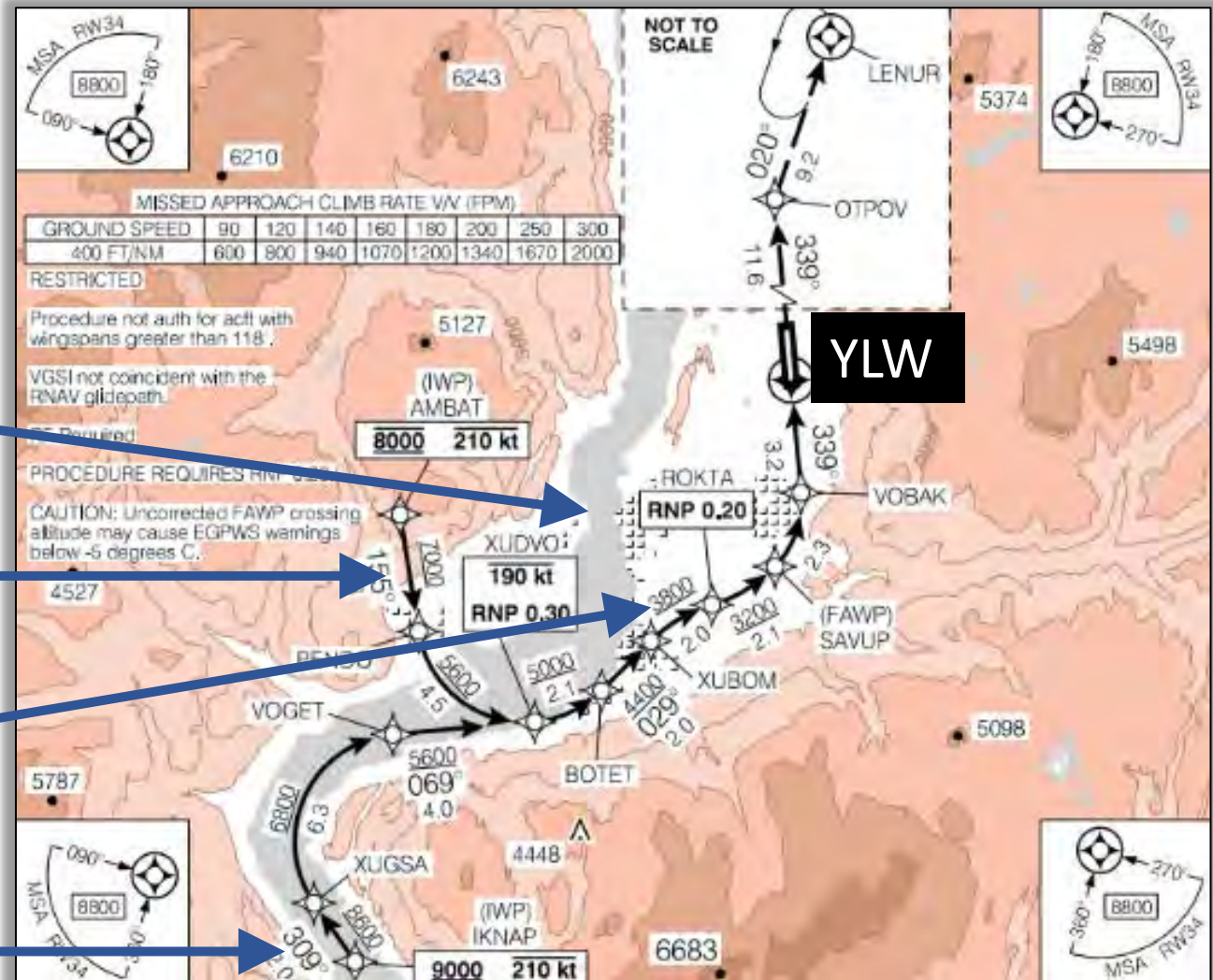


Aircraft Operations - Innovation



2015 – YLW's first satellite-based approach

Aircraft Operations - Innovation



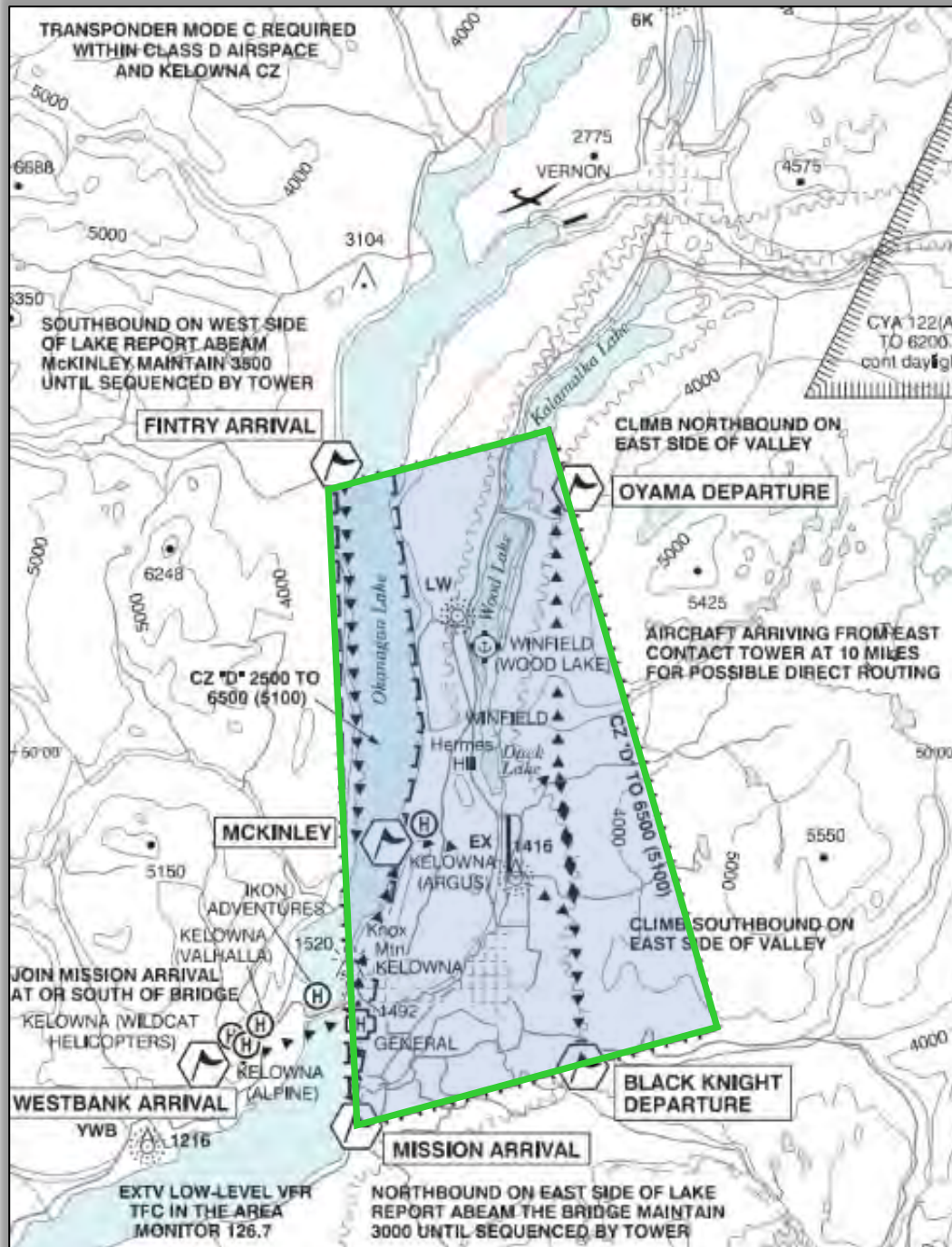
YLW Kelowna International Airport

Aircraft Operations - Innovation

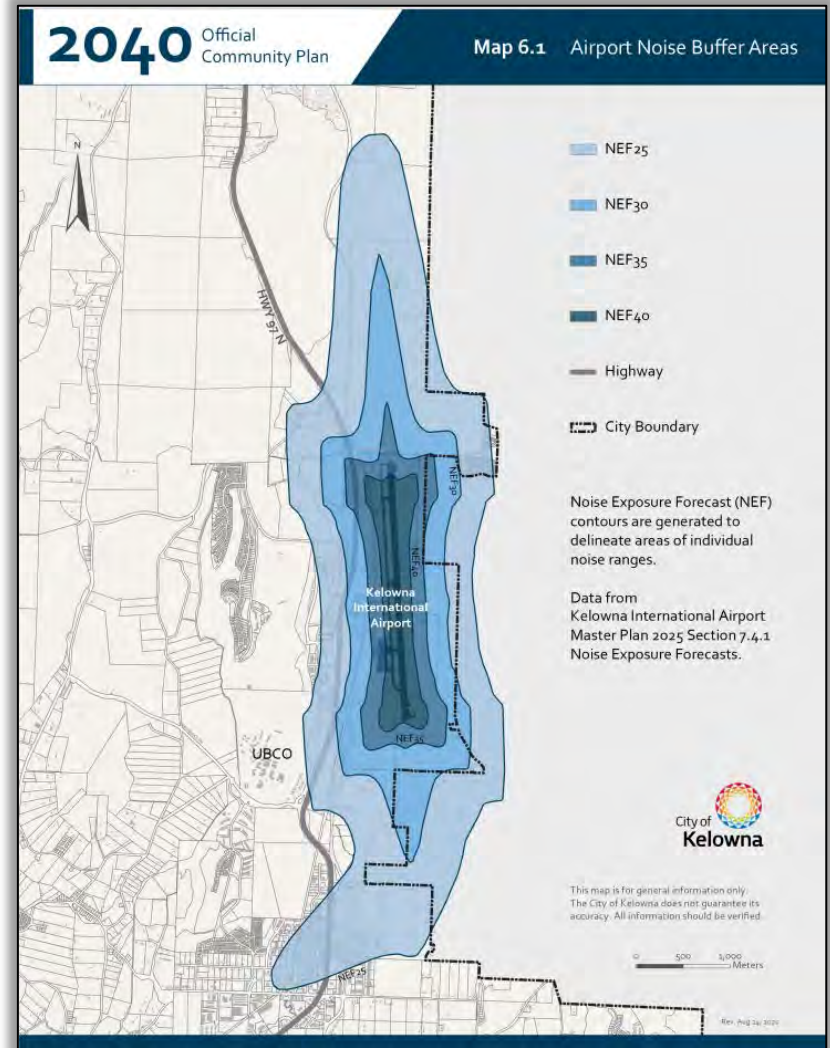
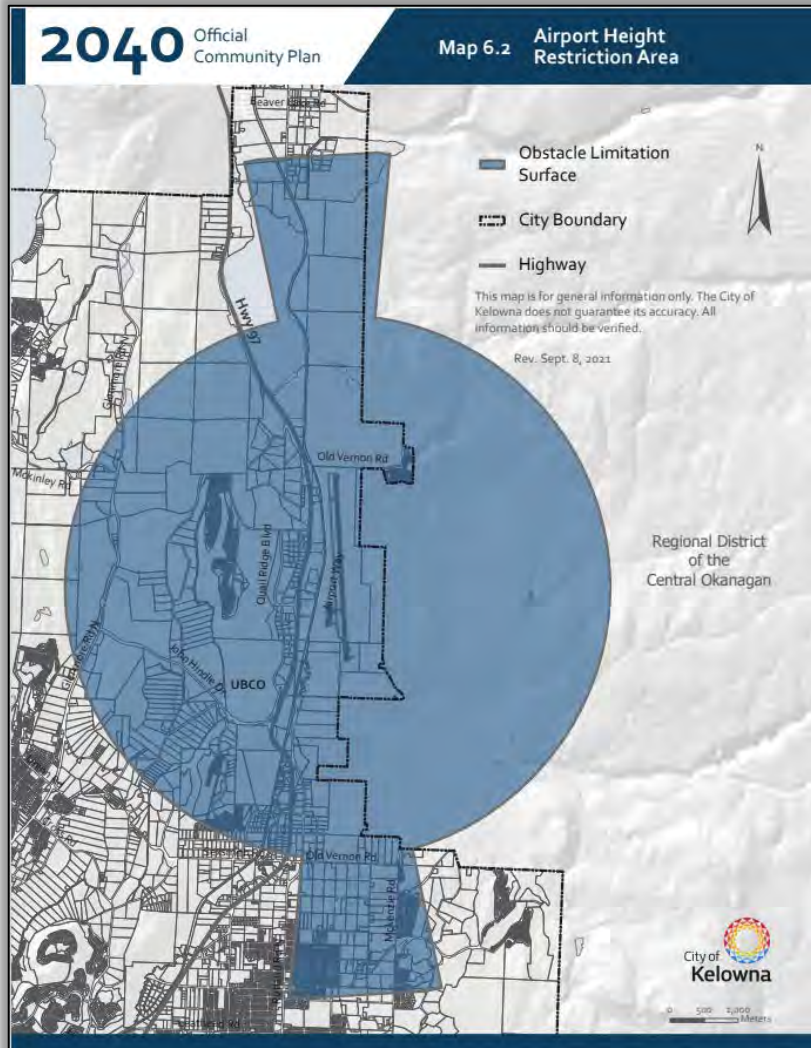
- ▶ Currently working with Nav Canada on improving the RNP approach from the south to allow a wider range of aircraft to fly the approach during low visibility operations

YLW controlled airspace - Optimization

- ▶ Nav Canada airspace review currently underway in consultation with YLW and aviation stakeholders
- ▶ Intent is to improve efficiencies and optimize sequencing of arriving and departing aircraft
- ▶ Outcomes may include expanded control zone and improved coordination between Air Traffic Control and smaller general aviation and corporate type aircraft

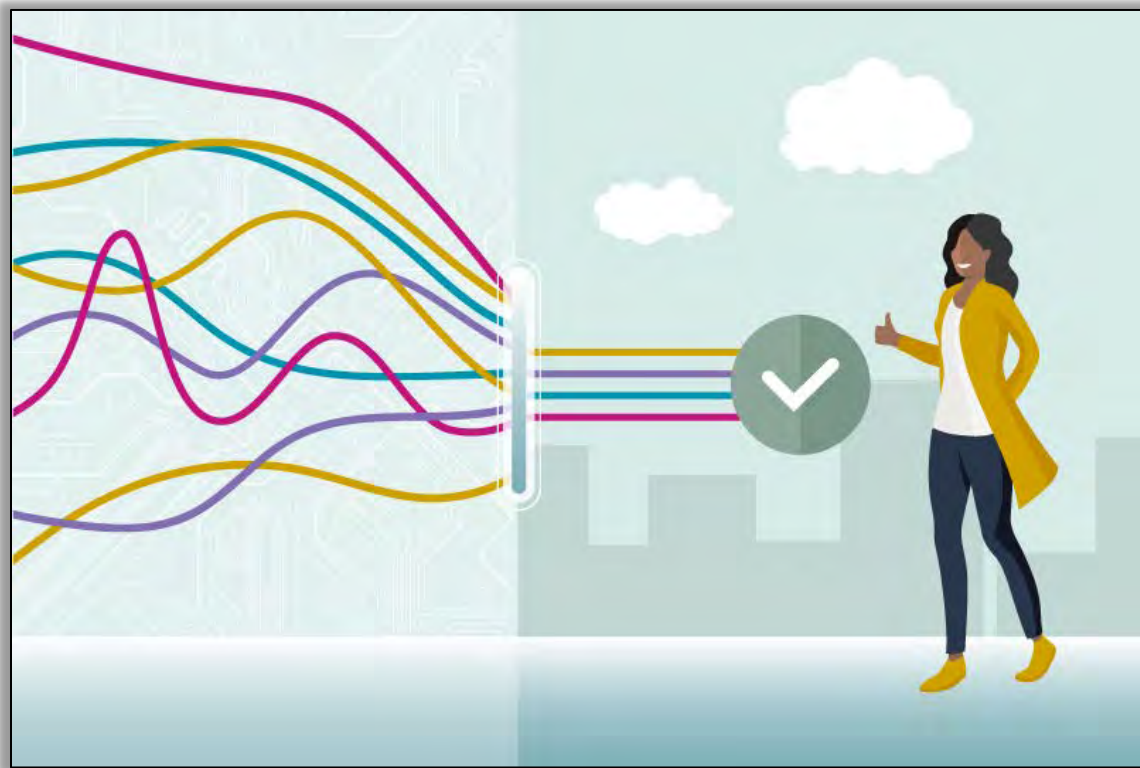


Official Community Plan



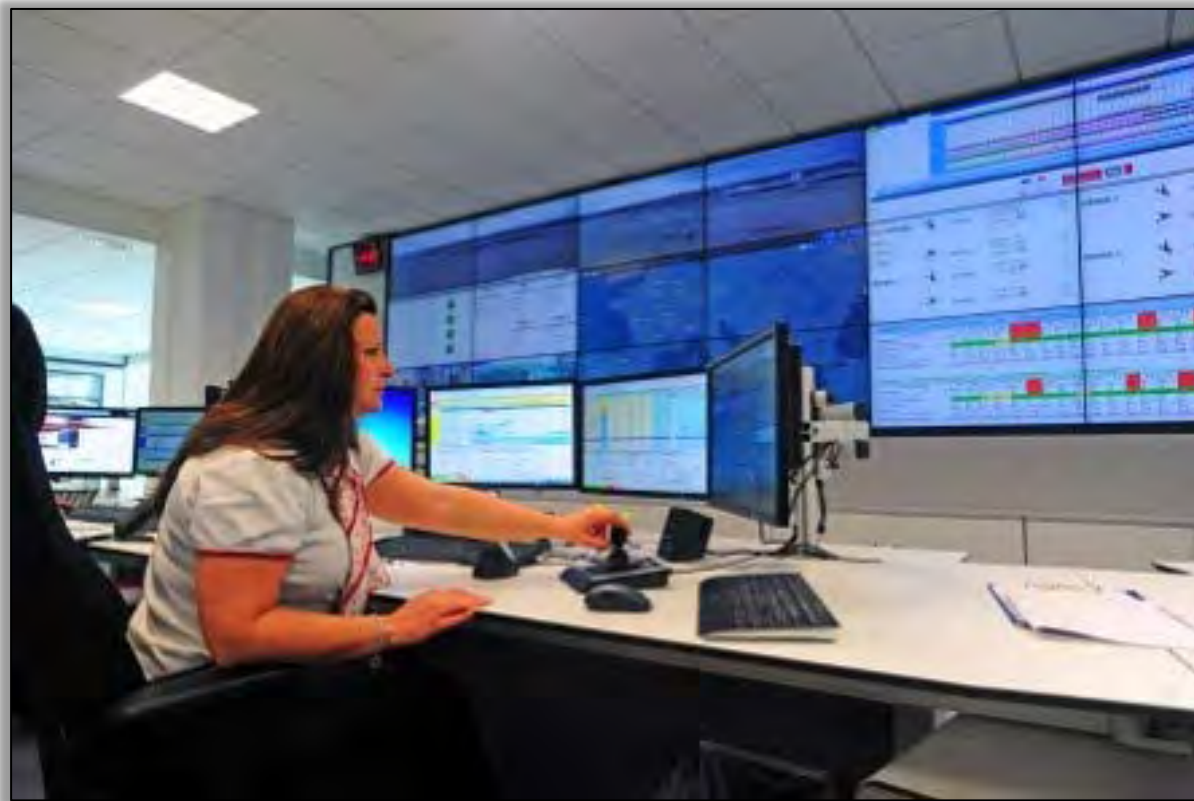
Airport of the Future

Airport of the Future – Capturing all data sources



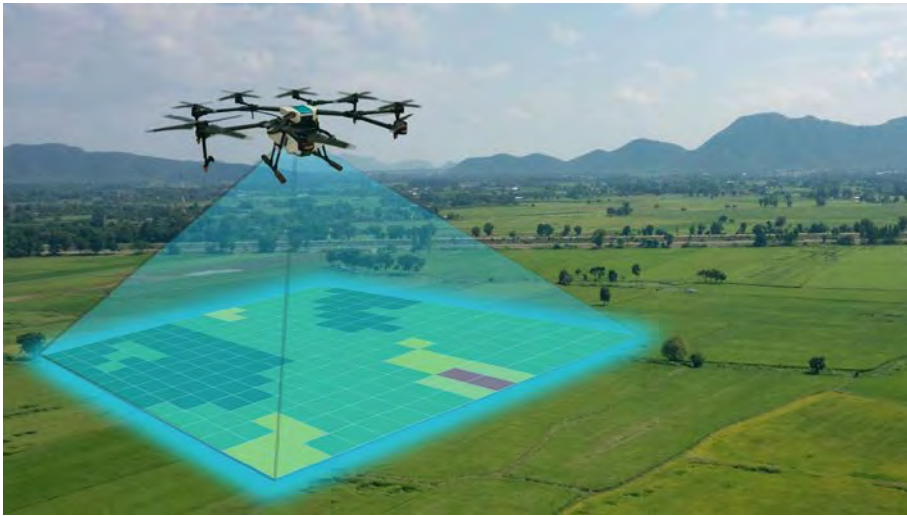
Airport of the Future

Airport of the Future – Data Driven Decisions



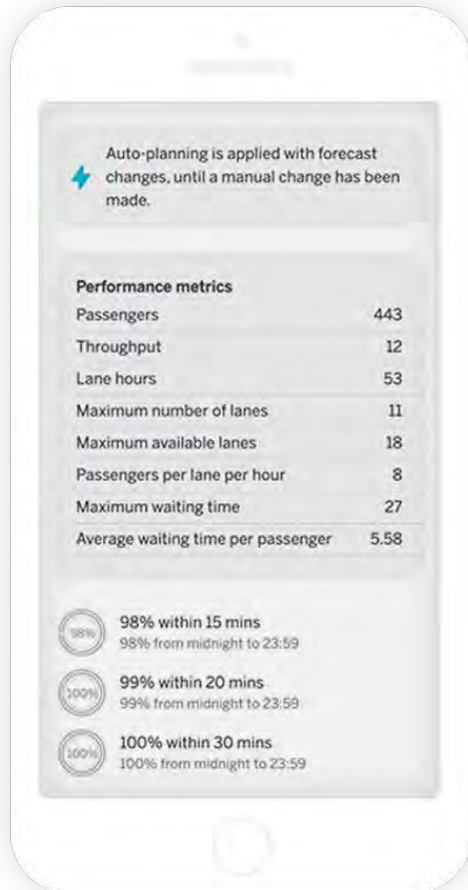
Airport of the Future

Wildlife identification & remediation



Airport of the Future

Check in allocation based on passenger data



- ▶ How many passengers on the flight
- ▶ How many have checked bags
- ▶ How many already checked in
- ▶ How many will go straight to PBS
- ▶ What is average que time

Airport of the Future

Virtual queuing



Airport of the Future

E-gates & self boarding



Airport of the Future

Baggage System - RFID



- ▶ No kiosk
- ▶ No printed bag tag
- ▶ No physical visual scanners
- ▶ Multiple tracking point



Virtual Lobby – Alaska Pilot Program



Airport of the Future - Parking









- ▶ Reservation system
- ▶ Machine learning passenger behaviors

 Economy	DRIVE UP \$2.50 / 30 min \$22 / day \$99 / week	ONLINE N/A \$20 / day \$90 / week
 Terminal	DRIVE UP \$2.50 / 30 min \$28 / day \$119 / week	ONLINE N/A \$26 / day \$115 / week
 VIP CURBSIDE PARKING	DRIVE UP N/A	ONLINE \$30 / day
 Valet & Away	TEMPORARILY UNAVAILABLE	



ReserTrac – Ground Transportation

Highlights
[Download Whitepaper](#)

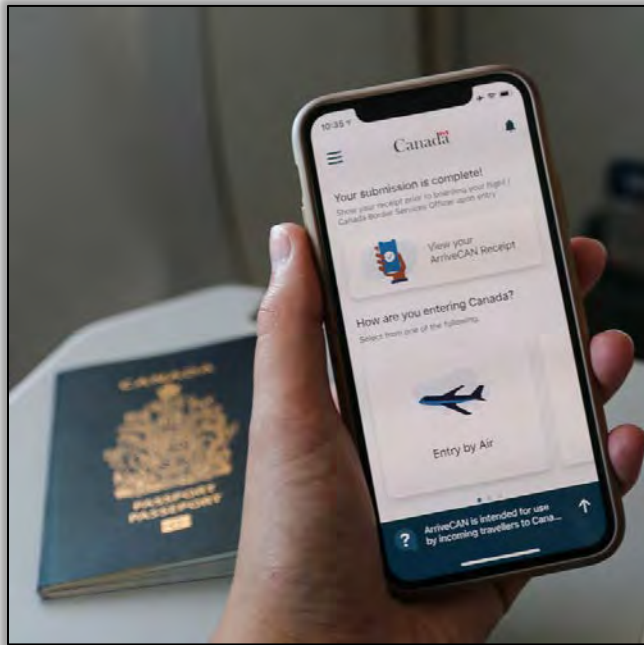
	Central Repository		Messaging
	Dispatching System		Audit
	Live Tracking System		Inspection
	Monitoring		Driver Exam



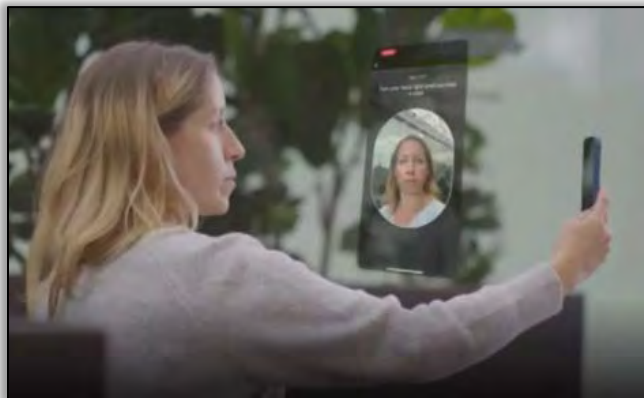
YLV

Kelowna
International
Airport

CBSA Modernization



1. Advanced digital declaration
2. Digitization of your passport



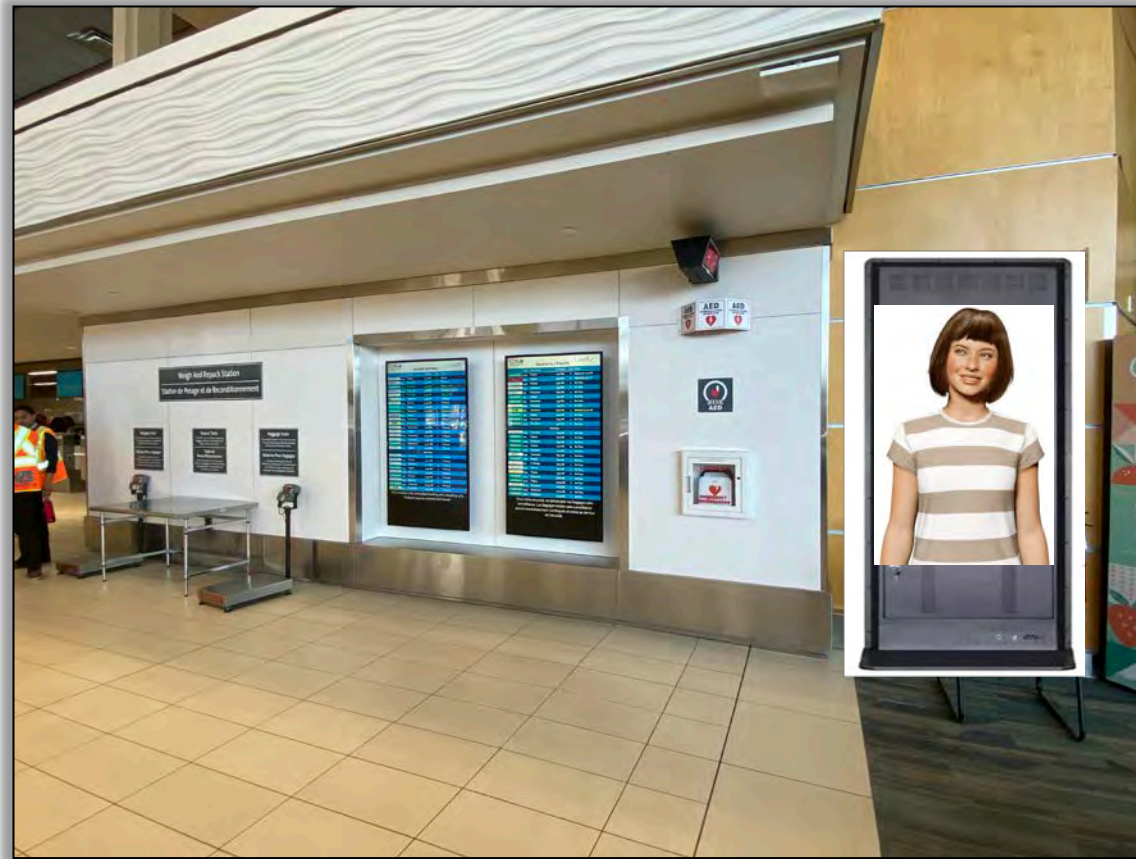
3. Facial recognition

CBSA Modernization



4. Identity Confirmation during primary inspection
5. Cleared or sent to secondary requirement based on advanced data
6. No CBSA officer involvement if cleared

Soul Machine – Chat GPT Virtual Concierge



ACI-NA Health Accreditation Maintained



Environmental Initiative

Commitment to Carbon Neutral & Net Zero



YLW is committed to achieving carbon neutrality by 2030 with a plan to achieve net zero or net negative by 2040.



Carbon neutral by 2030 equates to an average of 7.14% annual emissions reduction per passenger over 2016 levels.

Environmental Initiative

Level 2 – Airport Carbon Accreditation Achieved



+ MAPPING

Footprint measurement

+ REDUCTION

Carbon management towards a reduced carbon footprint

+ OPTIMISATION

Third party engagement in carbon footprint reduction

+ NEUTRALITY

Carbon neutrality for direct emissions by offsetting

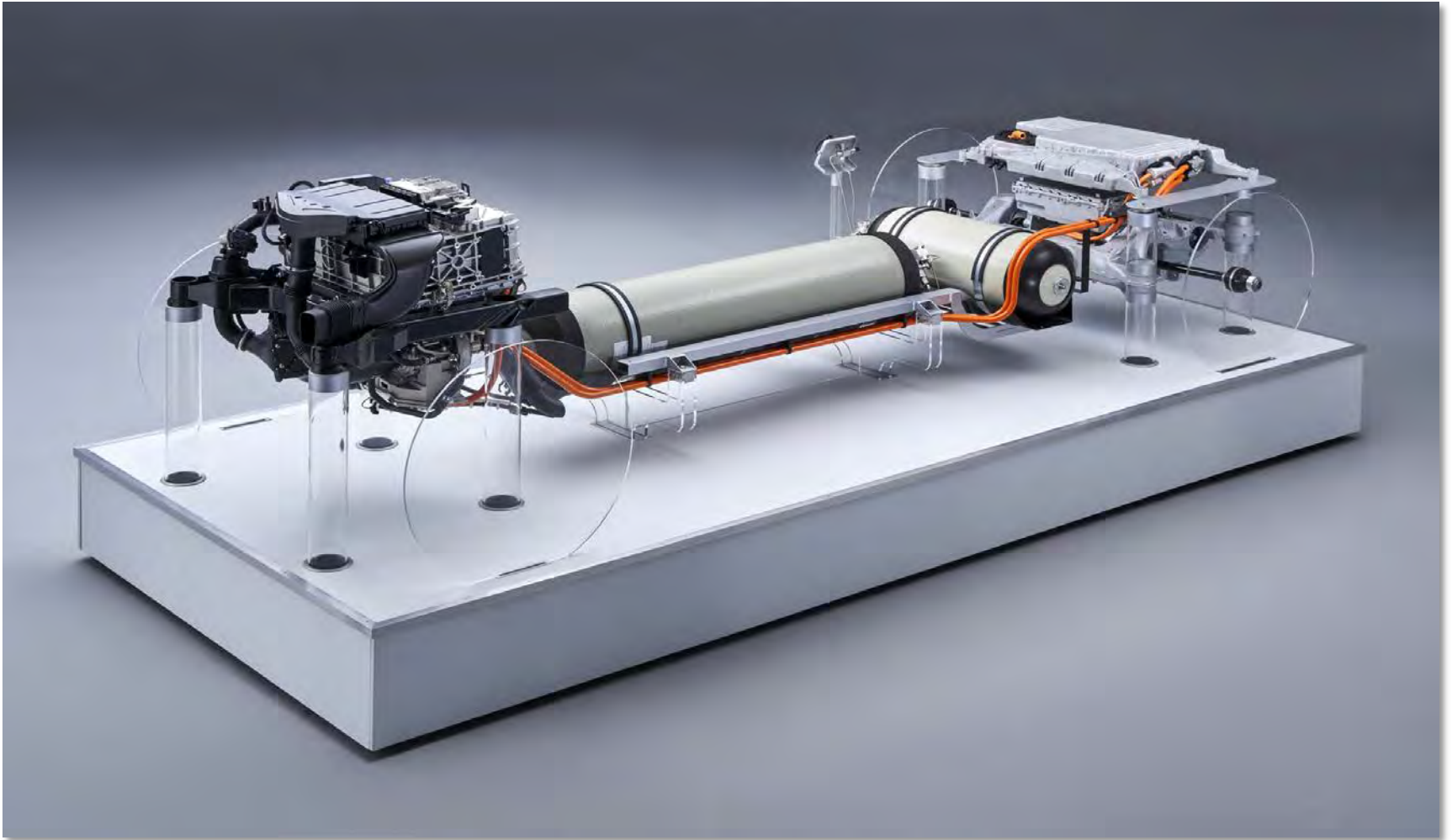
+ TRANSFORMATION

Transforming airport operations and those of its business partners to achieve absolute emissions reductions

+ TRANSITION

Compensation for residual emissions with reliable offsets

Electrification Battery/Hydrogen



Electrification Battery/Hydrogen



Electrification Battery/Hydrogen



Commercial, Capital Project & Air Service Overview





YLW

Kelowna International Airport

Airport Commercial Overview



Food & Beverage – Concessions



Airport Plaza - Gas station

The Airport gas station is changing operators and is now subleased by Canco and will be opening on July 26th. All signage has changed.



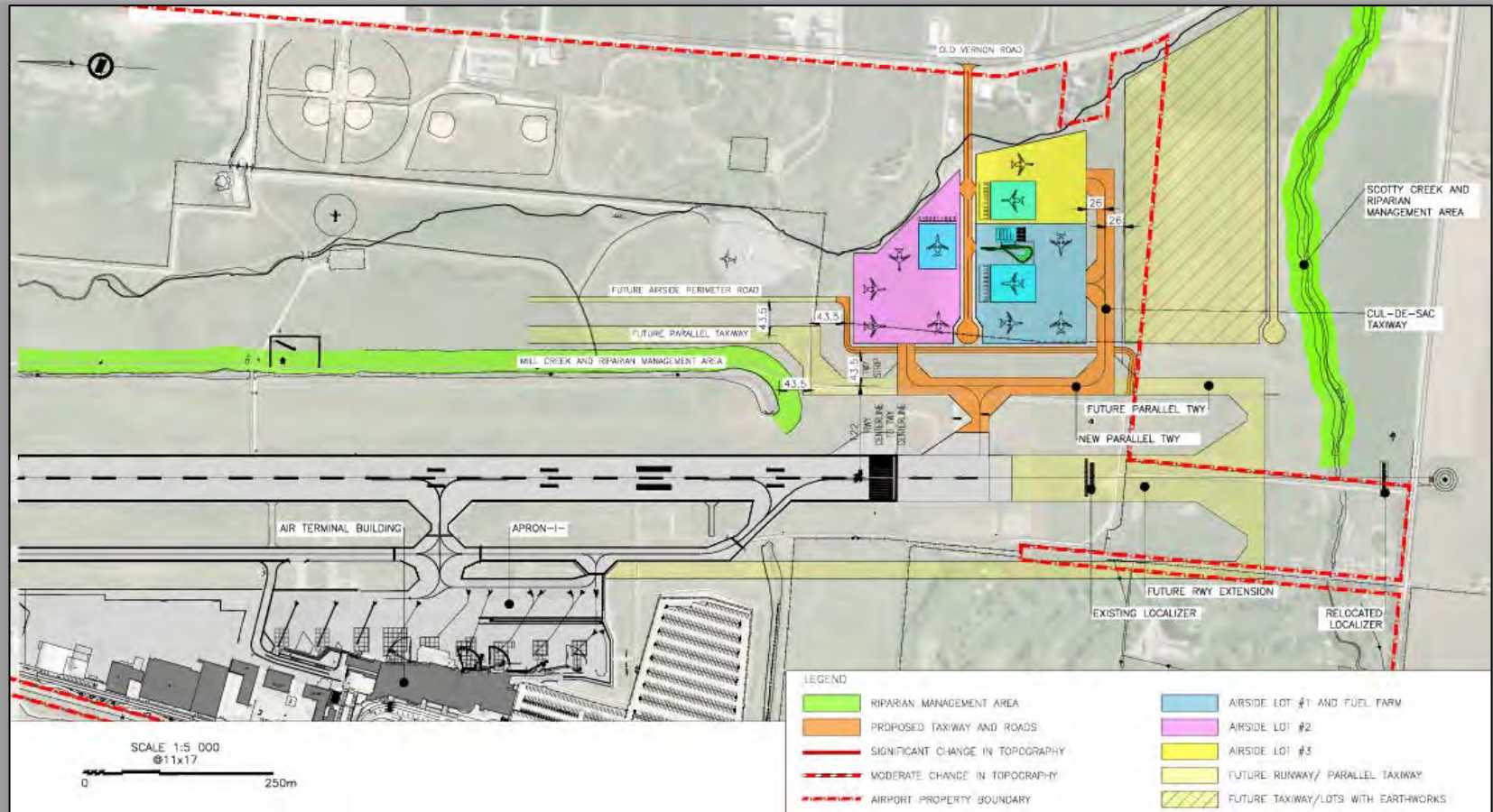
Bubble Waffle will be opening in the near future occupying space in the same building.



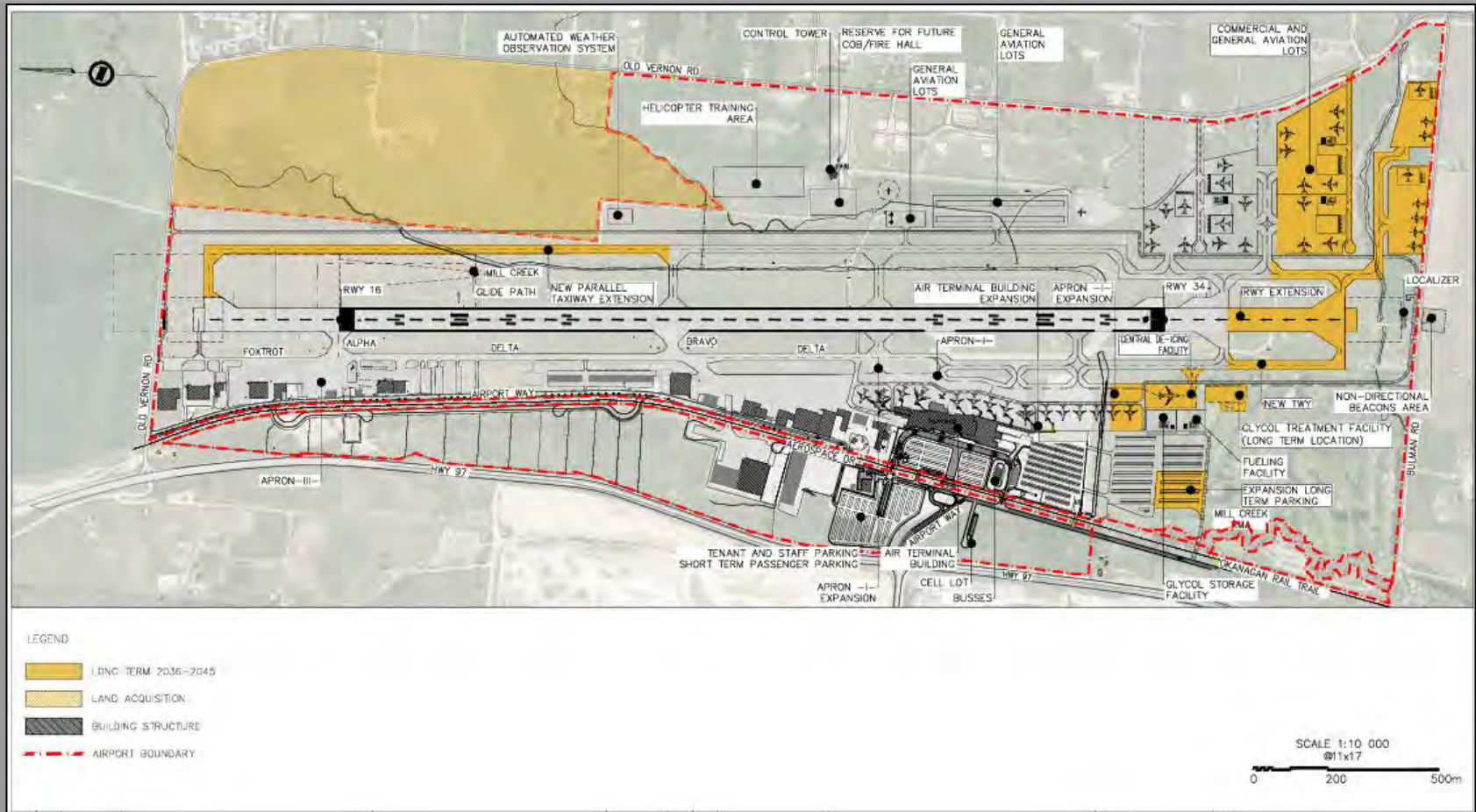
Freshii remains as a staple component of this development serving airport and rail trail customers.



Eastlands



Eastlands



Capital Projects Overview

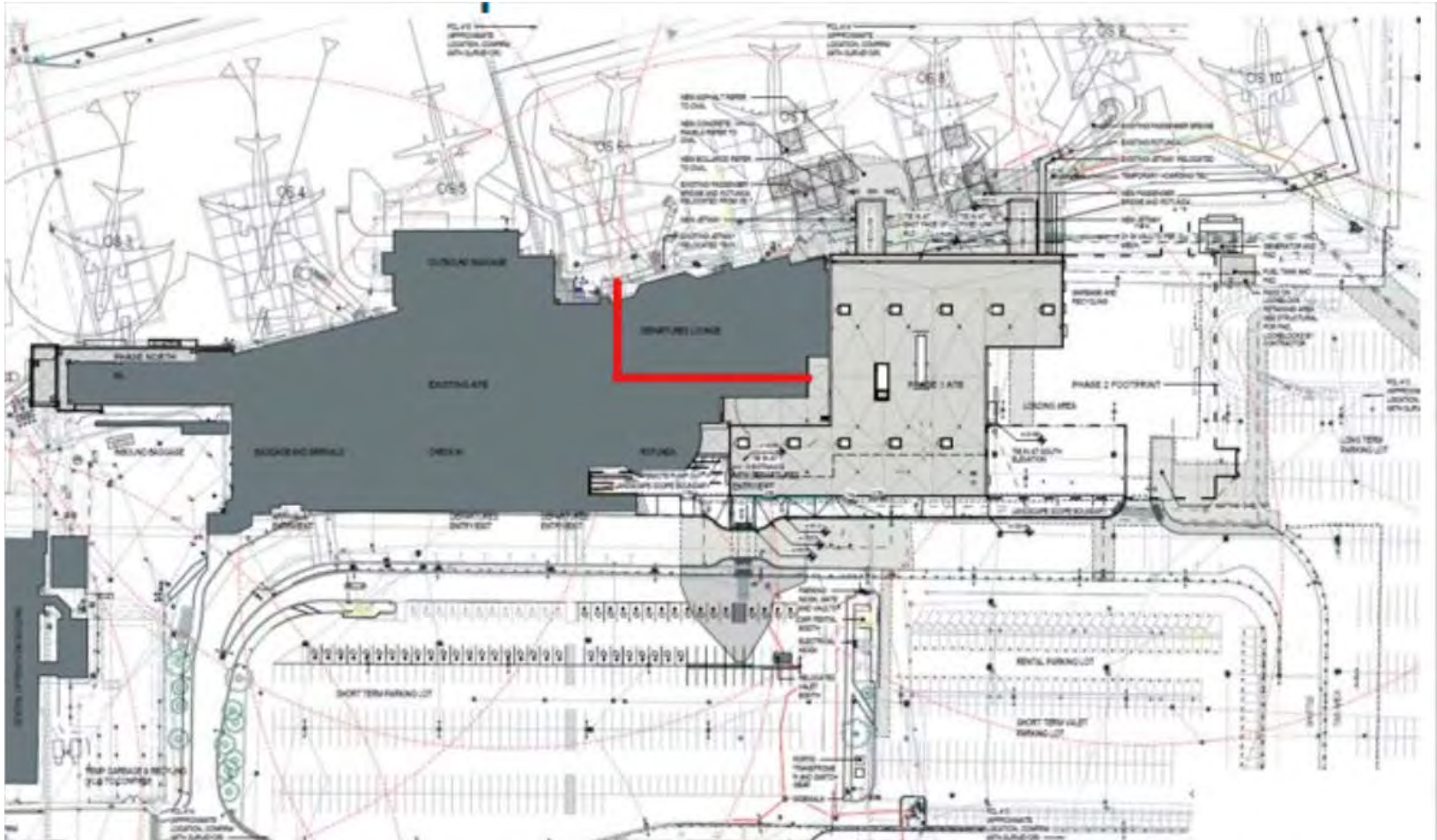


Air Terminal Building Expansion

- ▶ Tender has closed
 - ▶ Due diligence underway
- ▶ Construction starts fall 2023
 - ▶ Site is primarily groundside
 - ▶ Planned 34-month build
- ▶ Enabling works continue
 - ▶ Groundside complete
 - ▶ Apron works underway
 - ▶ Bridge 8 has been removed & temporary walkway installed



ATB Expansion – Site Plan



Y L W

Kelowna
International
Airport

Air Terminal Building Expansion

YLW Overview



Childcare Facility

- ▶ Construction is complete
 - ▶ YMCA is commissioning their operating procedures
 - ▶ The Childcare facility will start accepting children in September
 - ▶ Accepting 86 initial children and a waitlist is actively managed by YMCA
- ▶ Phase 2
 - ▶ Facility is full so we have initiated a second funding application for the expansion of the childcare facility
 - ▶ Additional two classrooms to be added



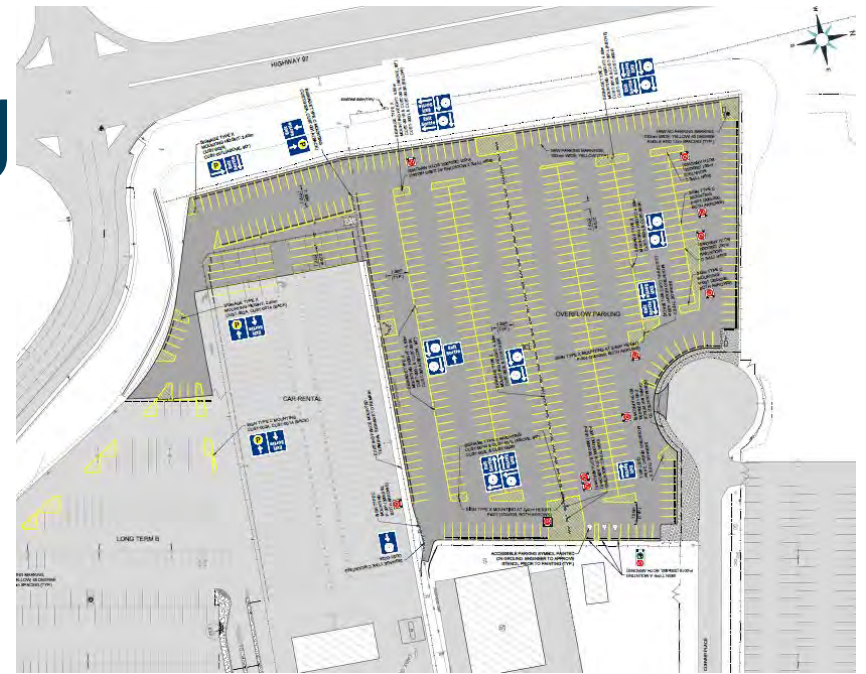
Hotel and Parkade

- ▶ Hotel sublease executed
 - ▶ Subject to parkade sublease approval
 - ▶ 260 to 293 rooms
 - ▶ Regional inspired restaurant
 - ▶ Business facilities
- ▶ Parkade sublease near execution subject to Council approval
 - ▶ 1000+ stalls



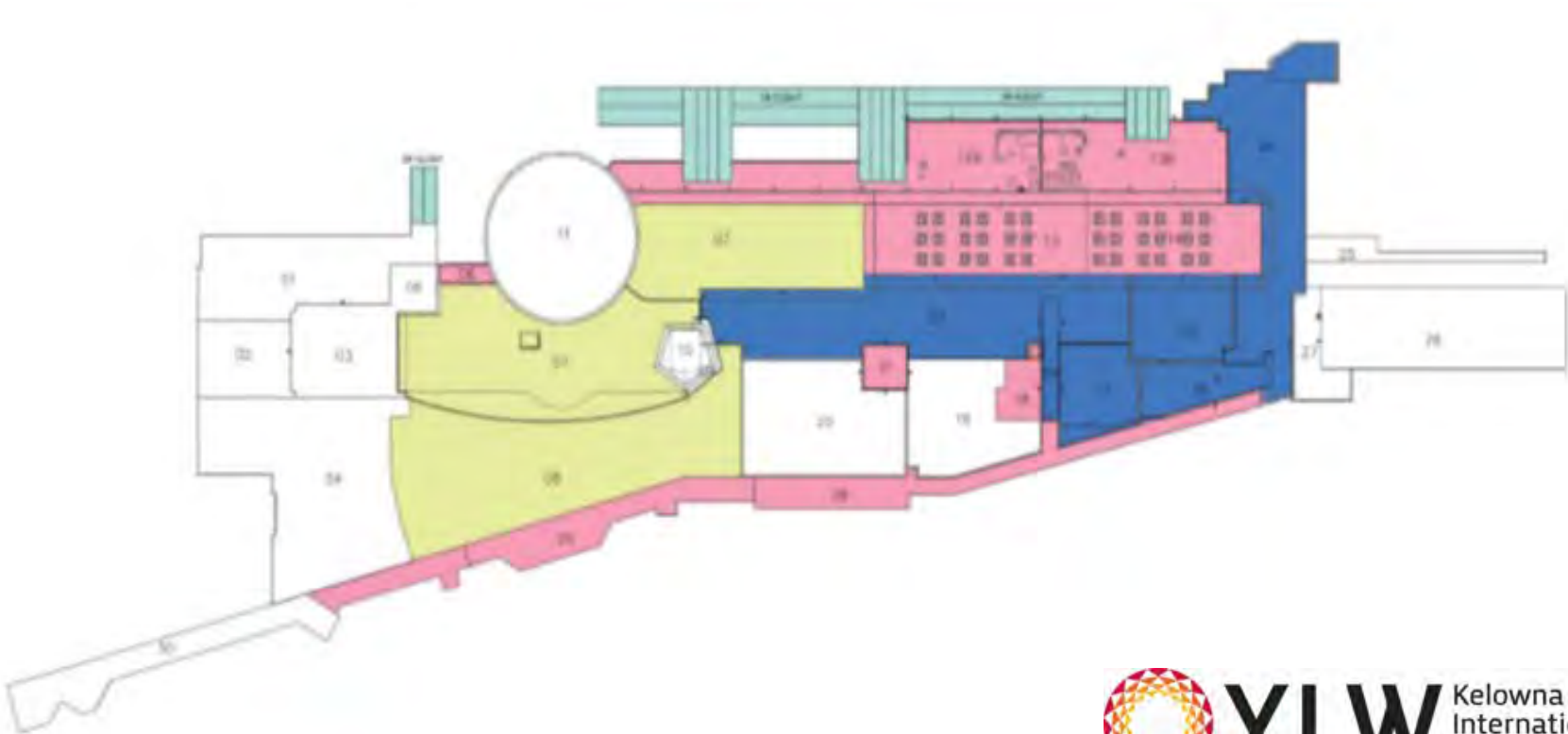
Convair Lot Paving

- ▶ Campus Employee Parking for staff and flight crew
- ▶ Parking lot updated with:
 - ▶ Paving
 - ▶ New line painting
 - ▶ Safety alarm station
 - ▶ Fencing and access control
 - ▶ Wheel stops
 - ▶ Wayfinding signage



ATB Roof Replacement Program

- ▶ ATB Roof Replacement Program
 - ▶ Replacement of poor and failing sections of the ATB roof
 - ▶ Phases 1 (yellow), 2 (blue) and 3 (pink – west side) complete
 - ▶ Remainder of 3 (airside corridor) by fall 2023



GHG Reduction

- ▶ Roadmap to Carbon Neutral by 2030
 - ▶ Replacement of RTUs with electric over next few years
 - ▶ Replace boilers and hot water tanks with electric
 - ▶ Connect mechanical room to south geothermal field
 - ▶ Utility upgrades to support additional electrical requirements, including possible future high voltage substation



Airside Pavement Rehabilitation Apron III

- ▶ Purpose: rehabilitate main parking and overflow Apron due to pavement deterioration
- ▶ Scope: full structural rehabilitation of pavement to support continued operational use
- ▶ Construction complete by September
- ▶ No impact to airline operations



Airside Pavement Rehabilitation Taxiway C

- ▶ Repaving of Taxiway C
- ▶ Schedule:
September – October 2023

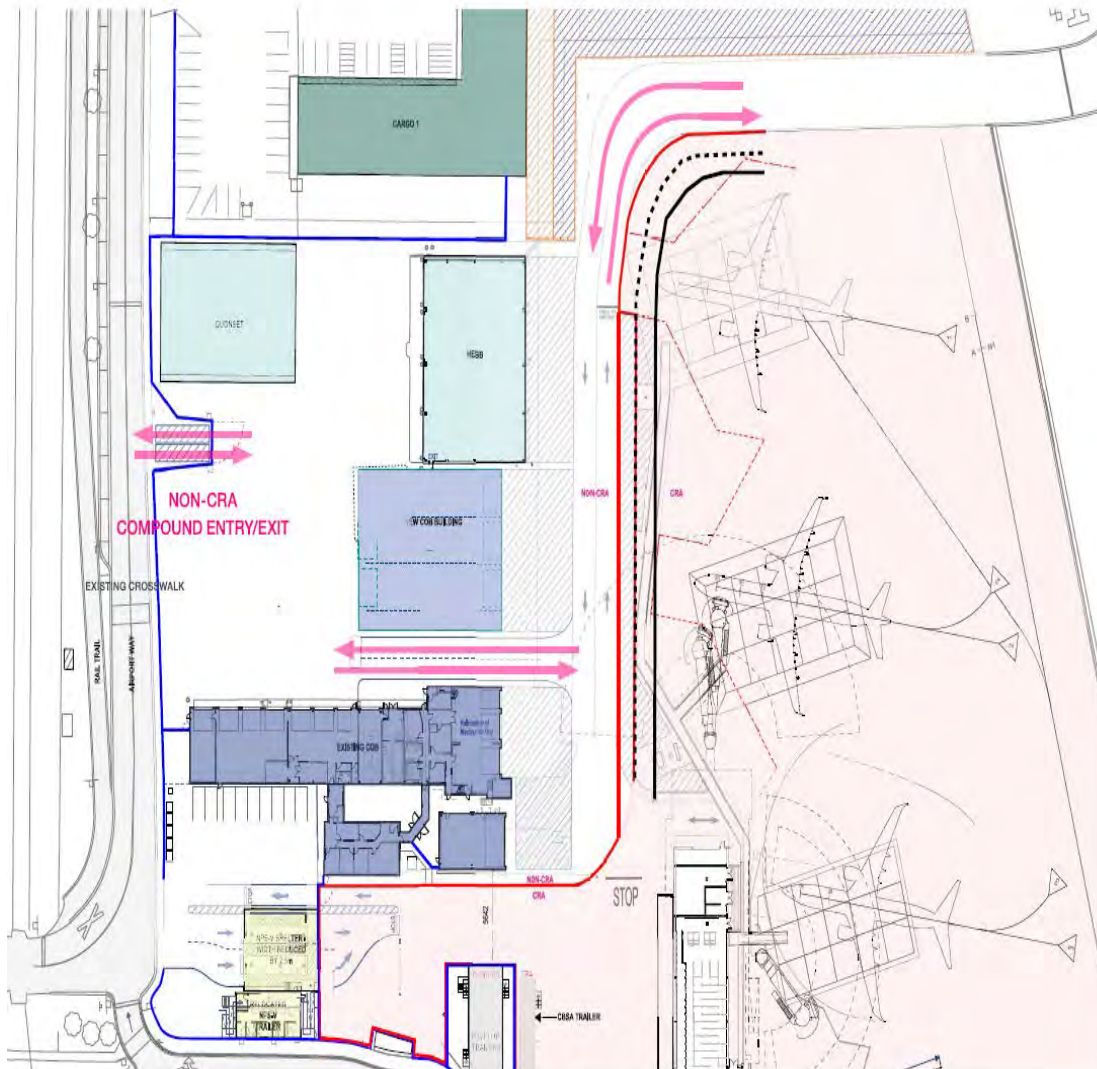


Airfield Lighting & Supporting Infrastructure

- ▶ Assessment and design for the conversion of approach lighting to high intensity with an extended lighting array to allow greater decision approach flexibility



Combined Operations Building



Construction of new Combined Operations Building includes:

- ▶ New Fire Fighting Vehicle and Equipment Bays
- ▶ New Operations Control Centre
- ▶ Relocate Airfield Vehicle Access Point

Air Service Development Overview



Taxiway G

- ▶ Taxiway stub for future airside development



Photo by Rick Montagnon

Air Service Development Update

July 2023

YLW Connectivity

Year
2023

Season
All

Connecting Airport
Non-Stop

Itineraries

Non-Stop

17



© 2023 Mapbox © OpenStreetMap

Includes any online connections within one stop and a maximum connect time of 6 hours.
Source: OAG Schedules via Lift
Schedule as of: May 2023

Direct

Multiple daily schedules

- ▶ 13 Domestic Destinations
- ▶ 4 International Destinations
- ▶ 2 Transborder

Air Service Development Update

May 2020

YLW Connectivity Analysis Dashboard

2020

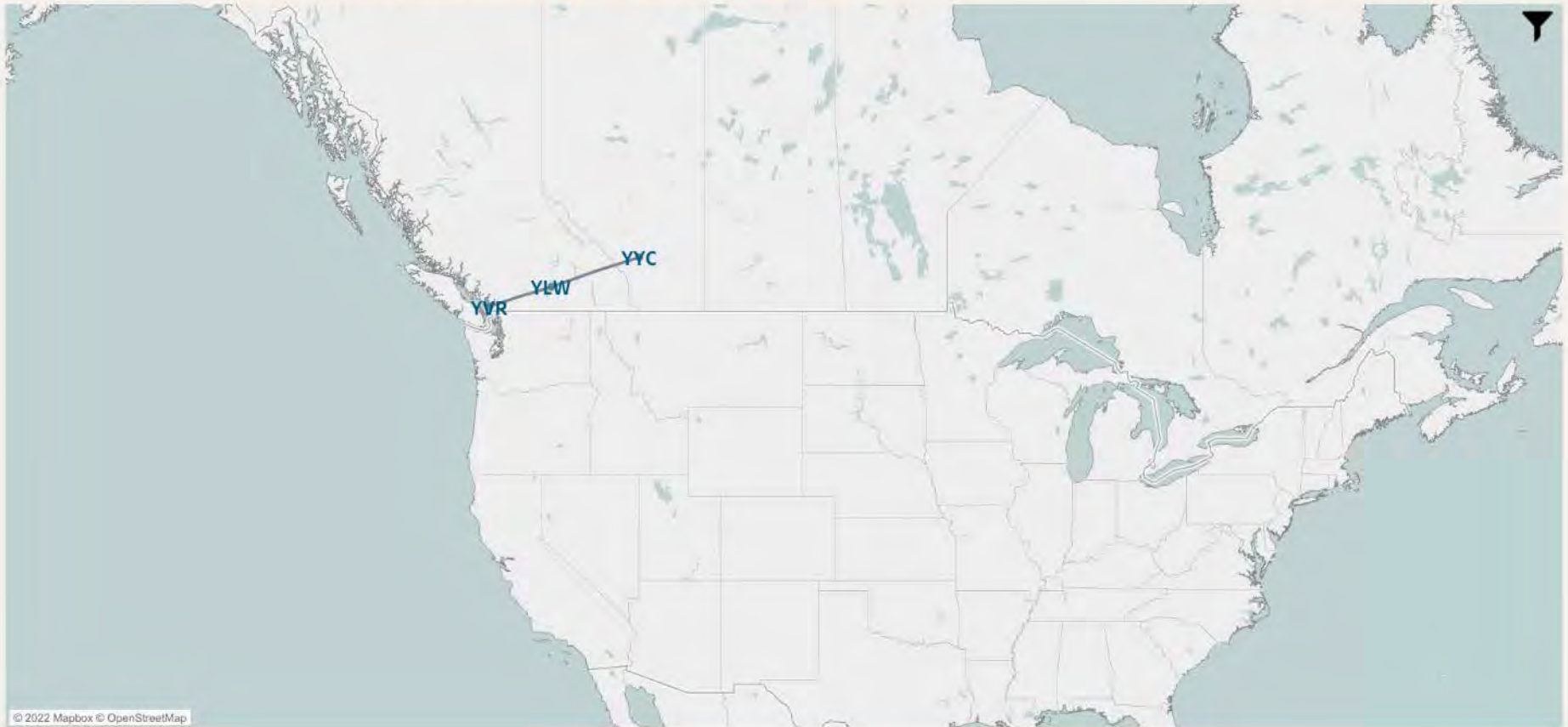
Select Year

May

Select Month

Connecting Airport

Direct



© 2022 Mapbox © OpenStreetMap

Includes any online connections within one-stop and a maximum connect time of 4 hours.

Max circuitry in view: 0%

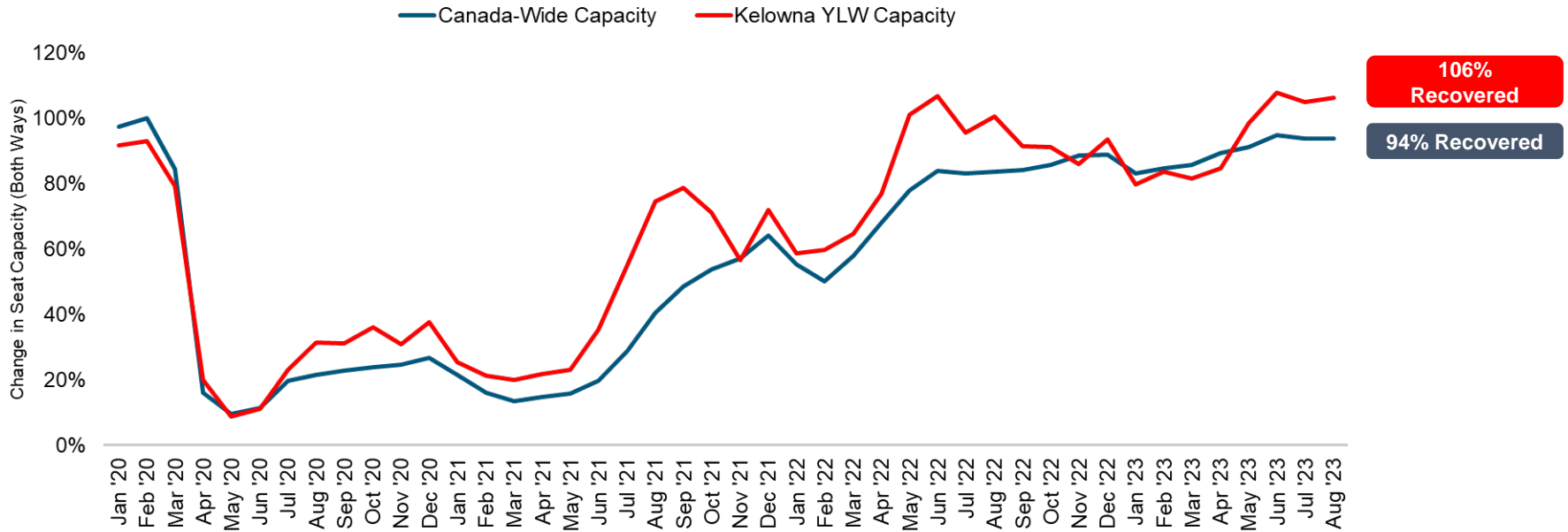
Source: Innovata Schedules via Dito. Schedules as of July 2022

Air Service Development Update

YLW has recovered faster than the Canadian average

Seat Capacity Recovery at YLW vs. Canadian Average

Capacity Levels Compared to Same Month in 2019



**106%
Recovered**

94% Recovered

Source: Innovata Schedules via Diio by Cirium. Future capacity based on schedules filed as of April 2023.



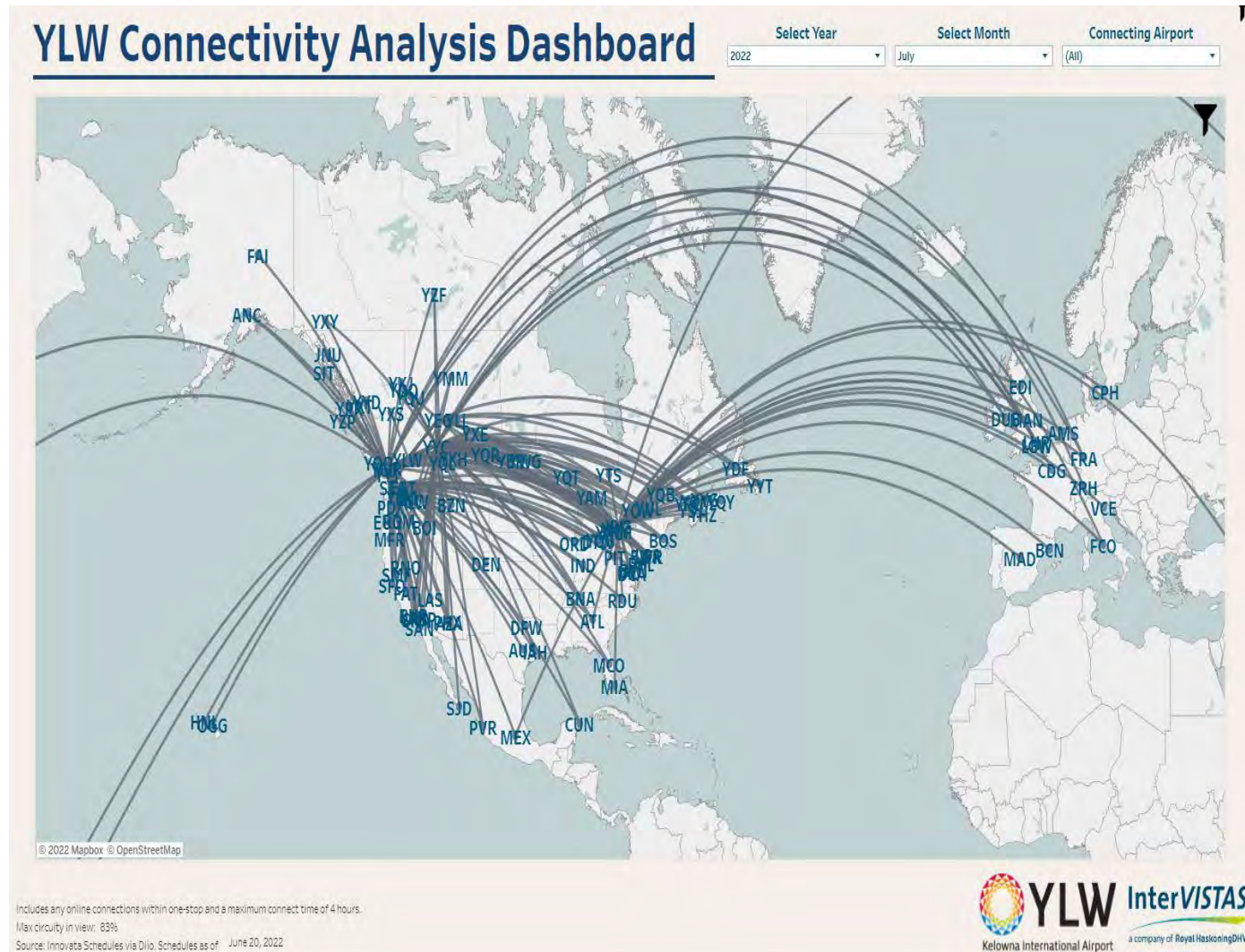
Air Service Development Update

2023

Connectivity

Industry standard max
4-hour connection

- ▶ 282 destinations including Domestic, Transborder and International



Added Capacity

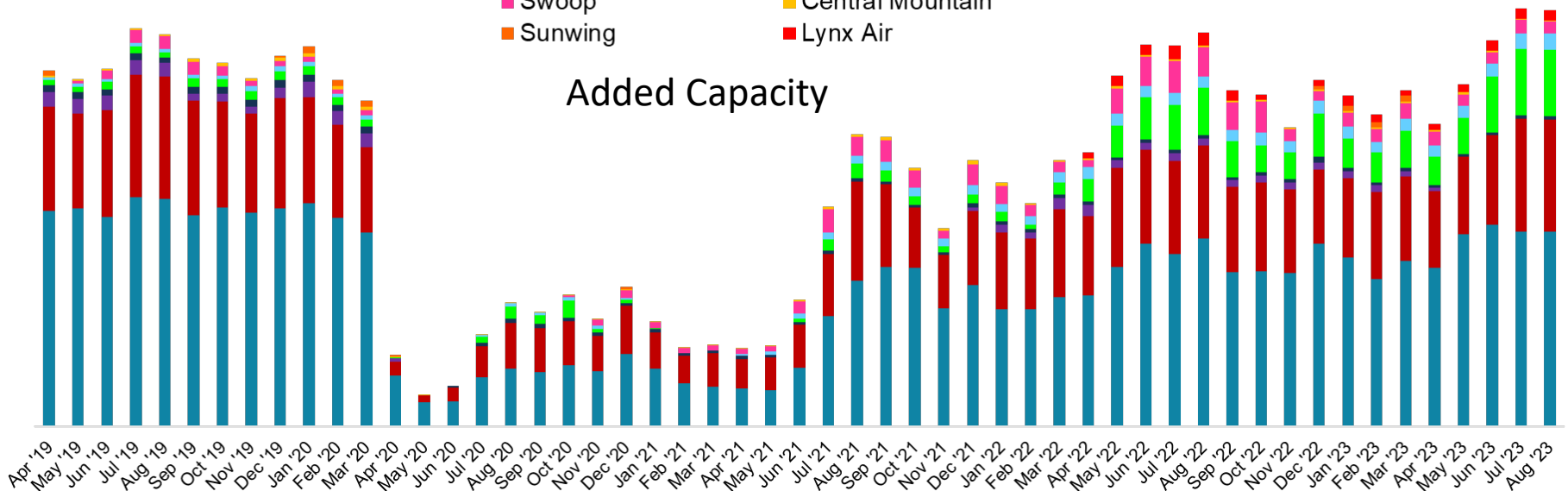
Airlines are adding capacity as a vote of confidence

YLW Seat Capacity by Airline
Both Directions, Apr 2019 – Oct 2023

- WestJet
- Air Canada
- Alaska
- Pacific Coastal
- Flair
- Air North
- Swoop
- Central Mountain
- Sunwing
- Lynx Air

106%
Seats Recovered
(August 2023 vs. August 2019)

Added Capacity



Source: Innovata Schedules via Diio by Cirium. Future capacity based on schedules filed as of April 2023.



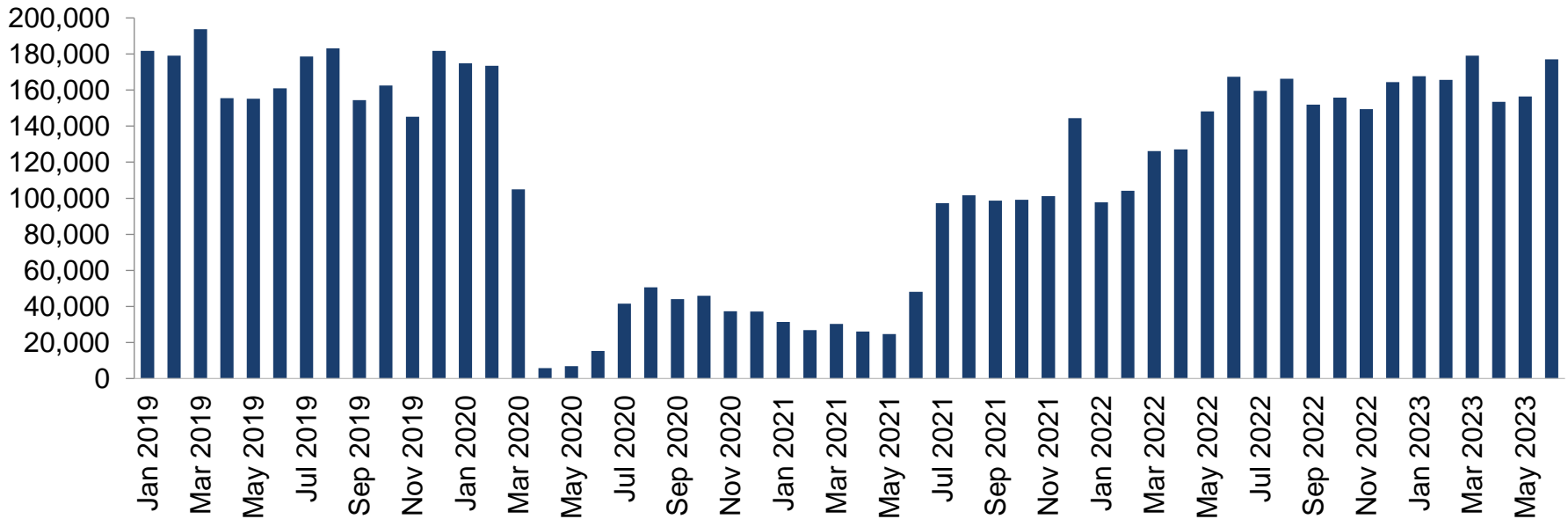
Passenger Demand

Passenger Demand is strong and aligning with capacity

YLW Passenger Traffic by Month

Total Enplaned & Deplaned Passengers, Sep 2019 – Jun 2023

2023: Setting record for May and June



Source: Kelowna International Airport

Capacity

Capacity is back but structurally different than before



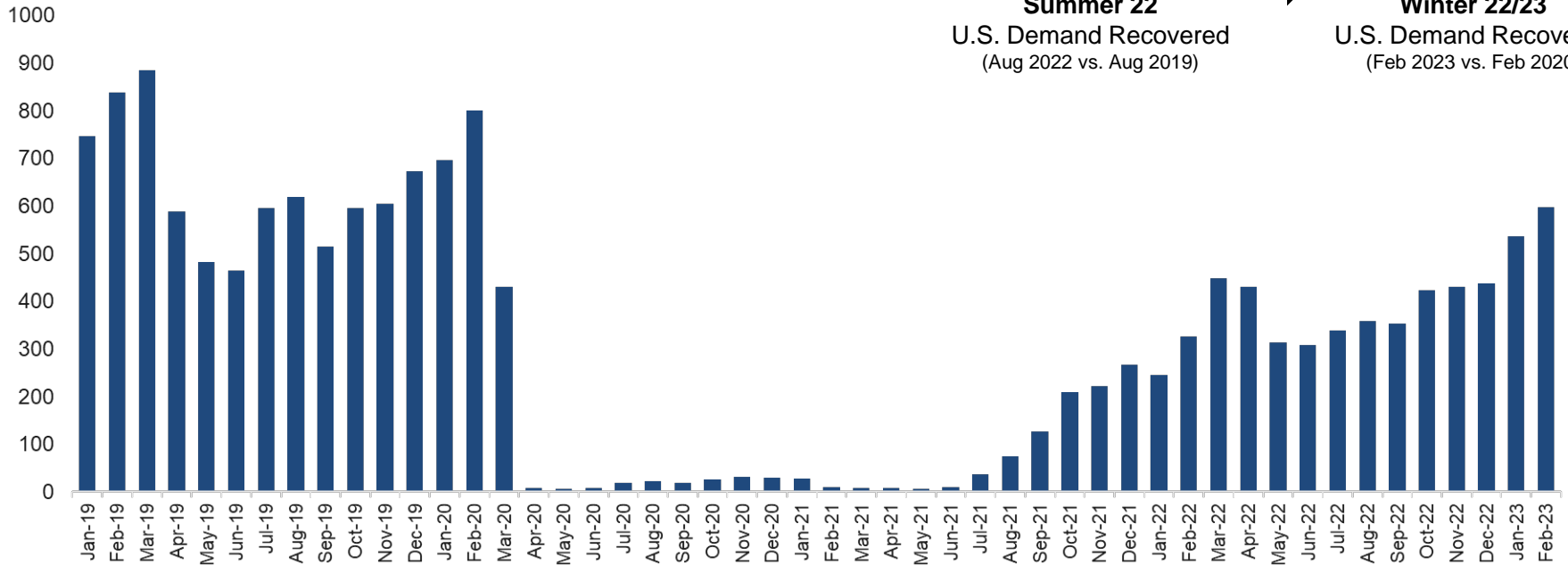
- ▶ Lots of domestic
- ▶ Moderate sunspot
- ▶ Limited US Transborder

U.S. Demand

Recovering but not as fast as domestic

Kelowna – U.S. Demand (Full Market Sizes)

Passengers Daily Each Way (PDEW), Jan 2019 – Feb 2023



59%
Summer 22
 U.S. Demand Recovered
 (Aug 2022 vs. Aug 2019)



75%
Winter 22/23
 U.S. Demand Recovered
 (Feb 2023 vs. Feb 2020)

Note: Feb 2023 is the most recent available month.
 Sources: Sabre MIDT Global Demand Database (GDD), Innovata Schedules via Diio.



Air Service Development

Strategically focused on areas with the greatest impact

Priority	Market Segment	Rationale
1	Transborder	<ul style="list-style-type: none">• Large imbalance between demand and supply• Service has not recovered since COVID• With the exit of Alaska for the summer, YLW is without US hub service• US is a major market for inbound and outbound travel
2	Domestic (excl. regional BC)	<ul style="list-style-type: none">• Domestic is the foundation of demand• Rebound post-COVID has been strong, but still potential for additional service in big markets
3	Other International	<ul style="list-style-type: none">• Limited inbound potential in short-term (most opportunities are sunspot)• Interest from airlines limited at this point
4	Regional BC	<ul style="list-style-type: none">• Relatively well served• Smaller markets with less impact compared to other segments

Air Service Development

The community has an important part to play

YLW is collaborating with community stakeholders to align strategies and leverage our efforts.

- ▶ **Ski Working Group**

- ▶ Progressing coordinated marketing and operational initiatives to grow and improve air services that benefit the BC Southern Interior ski industry

- ▶ **Air Service Development Committee**

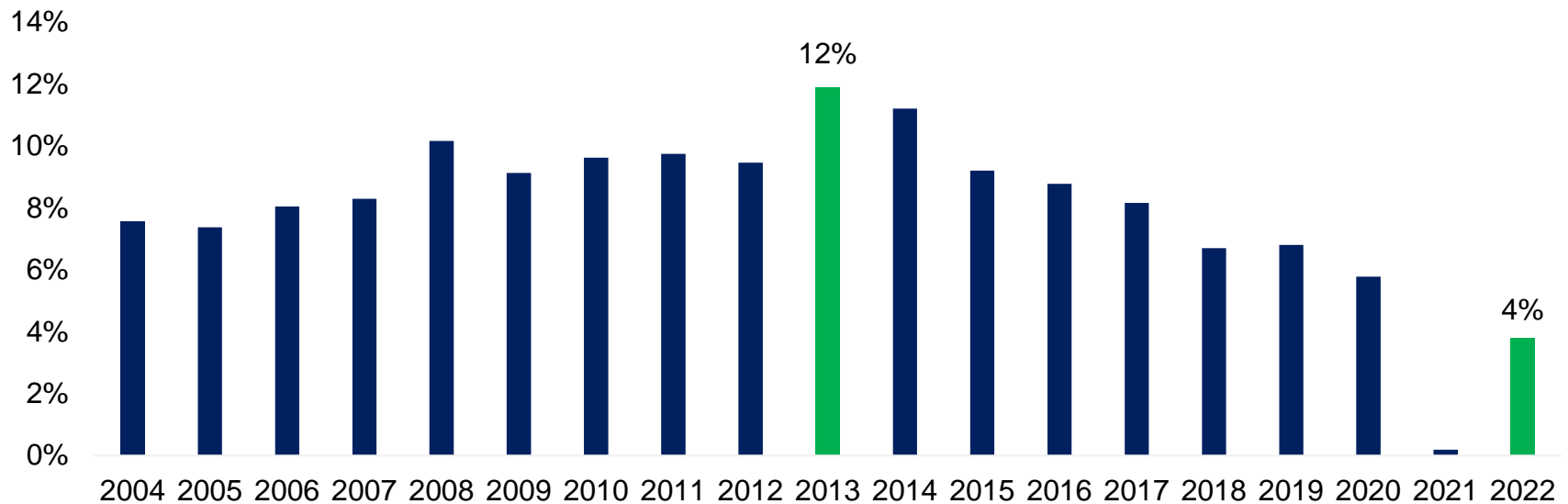
- ▶ In the process of being reestablished
- ▶ Broader group that is focused on air service overall on a year-round basis
- ▶ It will include the ski industry as well as DMOs, accommodations, resorts, and other relevant stakeholders

Air Service Development

U.S. capacity is well below average - strategic priority.

YLW – US/International Capacity Share

Seat share, annual data 2004 – 2022



Sources: Innovata Schedules via Diio.



Air Service Development

Changes to network planning

Before	Now
<ul style="list-style-type: none">• Growth mode• Commercial business case• Schedule consistency• Global / broad presence needed to be seen as a major player• International routes are more lucrative	<ul style="list-style-type: none">• Risk management• Operational ability/availability• Passengers are used to change• Focus on core competencies (drive profit and contain operational issues)• Domestic routes are less risky

Air Service Development

Ongoing strategic discussions targeting more destinations and frequency. Recent new services:

- ▶ Winnipeg – WestJet and Flair
- ▶ Saskatoon – WestJet
- ▶ Regina – WestJet
- ▶ Toronto – Flair
- ▶ Nanaimo – Pacific Coastal
- ▶ Toronto – Air Canada (additional frequencies – up to 2/day)



YLW

Kelowna International Airport

Financial Overview



Financial Overview

Funding

- ▶ Self-funded through fees and charges
 - ▶ Aeronautical
 - ▶ Non-aeronautical
- ▶ Payment to the City general fund

Financial Overview

Strategic Goals

- ▶ Diversification of revenue sources
- ▶ Ensuring investments provide value over the long-term
- ▶ Ensure the financial impact of decisions is understood

Financial Overview

Financial Principles

- ▶ Maintain a low-cost business model
- ▶ Maintain the financial health of the Airport
- ▶ Maintain \$10 million in cash for an urgent incident

Financial Overview

Fees and Charges

- ▶ International Civil Aviation Organisation Policies on Charges for Airports
 - ▶ Principles
 - ▶ Non-discriminatory
 - ▶ Cost-relatedness
 - ▶ Transparency
 - ▶ Consultation with users

Financial Overview

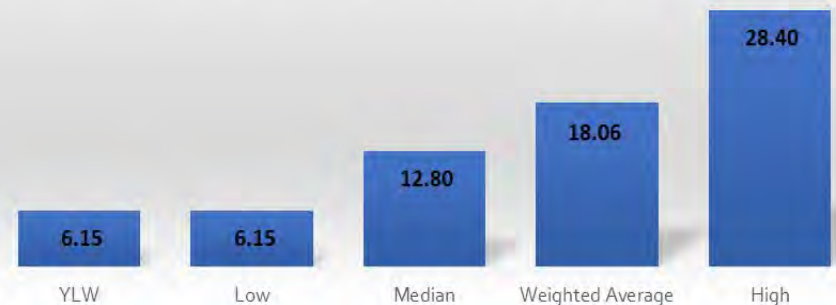
Fees and Charges

► Aeronautical revenues per landed air carrier seat

Tier 2 Aeronautical Revenues per Landed Carrier Seat
(12 Months Ended Mar. 31, 2023)



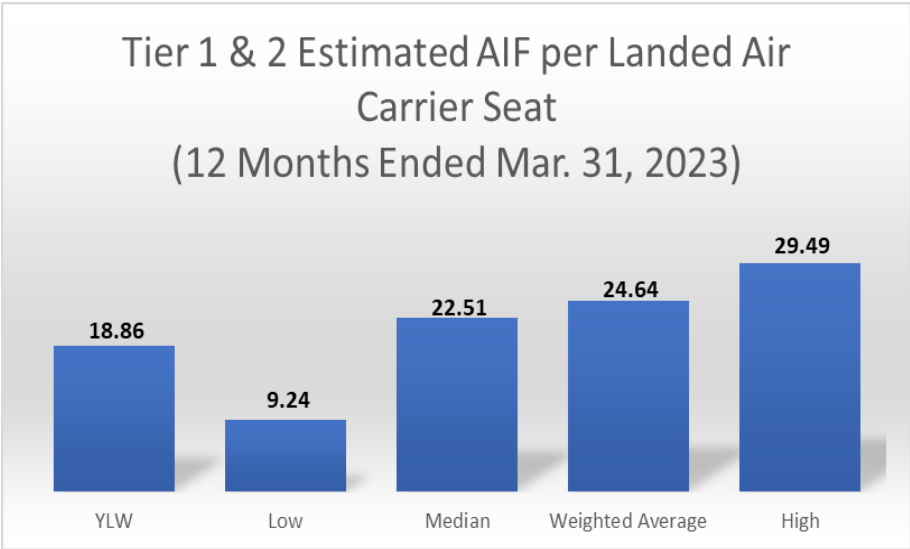
Tier 1 & 2 Aeronautical Revenues per Landed Carrier Seat
(12 Months Ended Mar. 31, 2023)



Financial Overview

Fees and Charges

- ▶ Estimated airport improvement fee per landed air carrier seat

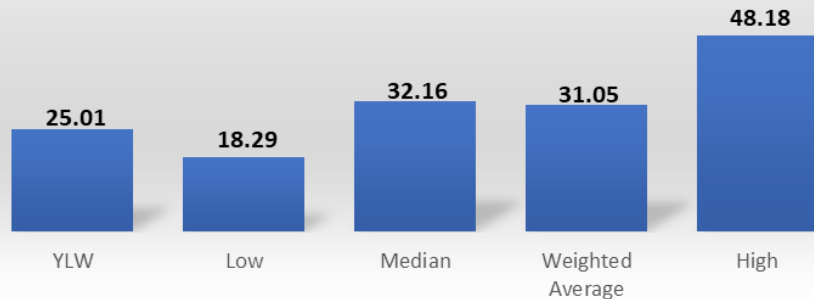


Financial Overview

Fees and Charges

- ▶ Estimated aeronautical revenues and airport improvement fee per landed air carrier seat

Tier 2 Aeronautical Revenue and AIF per Landed Air Carrier Seat (12 Months Ended Mar. 31, 2023)



Tier 1 & 2 Aeronautical Revenue and AIF per Landed Air Carrier Seat (12 Months Ended Mar. 31, 2023)



Financial Overview

Financial History, Forecast and Budget

	2019	2020	2021	2022	2023 Budget
Passengers	2,032	737	830	1,718	2,058
Revenues	39,918	20,531	29,530	51,200	54,026
Operating expenditures	(24,743)	(21,954)	(22,045)	(26,399)	(31,239)
Surplus (deficit)	15,175	(1,423)	7,485	24,801	22,787
Adjustment to operating cash flows	8,562	8,711	2,211	7,365	8,161
Capital cash flows	(14,761)	(5,369)	(5,926)	(19,550)	(39,427)
Financing cash flows	(2,797)	(1,704)	(3,147)	(2,247)	(2,481)
Net increase in cash, cash equivalents and portfolio investments	6,179	215	623	10,369	(10,960)
Cash, cash equivalents and portfolio investments at the beginning of the year	26,369	32,548	32,763	33,386	43,755
Cash, cash equivalents and portfolio investments at the end of the year	32,548	32,763	33,386	43,755	32,795
Tangible capital assets and work in progress	153,368	150,989	149,372	160,761	192,027

Financial Overview

Debt

- ▶ Municipal Finance Authority
 - ▶ Outstanding (Municipal Finance Authority)

	2023	2024	2025	2026	2027	Total
Principal	901,000	1,897,000	1,897,000	1,258,000	698,000	6,651,000
Interest	292,000	584,000	584,000	333,000	112,000	1,905,000
Total	1,193,000	2,481,000	2,481,000	1,591,000	810,000	8,556,000

- ▶ Approved – \$48 million

Financial Overview

2023 Budget – 10 Year Capital Plan

	Total	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Soaring Beyond 2.5 Million Passengers AIF Program											
Terminal expansion	162.9	12.3	30.9	34.0	11.1	9.5	-	3.7	28.1	33.3	-
Runway end safety area	1.0	1.0	-	-	-	-	-	-	-	-	-
CUSS/CUTE replacement	1.6	1.6	-	-	-	-	-	-	-	-	-
Combined operations building	20.3	2.9	9.2	8.2	-	-	-	-	-	-	-
Airside pavement rehab	61.1	5.3	0.4	3.9	3.9	3.7	21.1	22.8	-	-	-
Airside equipment	17.8	3.6	2.3	0.9	0.2	0.5	2.7	1.2	0.9	0.2	5.3
Self-serve baggage drop	2.1	-	0.7	0.7	0.7	-	-	-	-	-	-
Airside lighting and supporting infrastructure	10.3	-	-	10.3	-	-	-	-	-	-	-
Apron 1 south expansion	24.6	-	-	-	0.8	7.9	8.2	-	-	3.0	4.7
Passenger boarding bridges	6.2	-	-	-	0.3	2.7	0.3	2.9	-	-	-
Passenger boarding bridge PLC upgrades	0.4	0.4	-	-	-	-	-	-	-	-	-
Biosecurity testing facility	-	-	-	-	-	-	-	-	-	-	-
Parking lot equipment	-	-	-	-	-	-	-	-	-	-	-
Hazardous materials secondary capture	-	-	-	-	-	-	-	-	-	-	-
Total	308.3										
Non-AIF											
Airside	6.2	0.7	0.2	0.7	0.8	2.8	0.2	0.2	0.2	0.2	0.2
Groundside	41.0	4.6	1.8	1.2	13.5	16.1	3.3	0.1	0.2	0.1	0.2
Terminal	13.7	5.3	0.8	0.7	1.2	0.8	0.8	1.7	0.8	0.9	0.8
Total	60.9										
Total	369.2	37.7	46.2	60.6	32.5	44.0	36.6	32.5	30.1	37.7	11.2

Design
 Construction/purchase
 Design, construction and purchase



Kelowna International Airport

Recommendations



Recommendations

- ▶ THAT the Airport Advisory Committee receive, for information, the report from Kelowna International Airport, presented on July 26, 2023.

Questions?

For more information, visit ylw.kelowna.ca.

