

# Airport Advisory Committee Meeting

November 15, 2023



# Agenda

- ▶ Welcome and Introductions
- ▶ Opening Remarks
- ▶ Operational Overview
- ▶ Commercial, Capital Projects & Air Service Overview
- ▶ Financial Overview
- ▶ Questions
- ▶ Tour of KF Centre for Excellence





YLW

Kelowna International Airport

# Opening Remarks







Kelowna International Airport

# Operational Overview





# 2023 Monthly Passengers

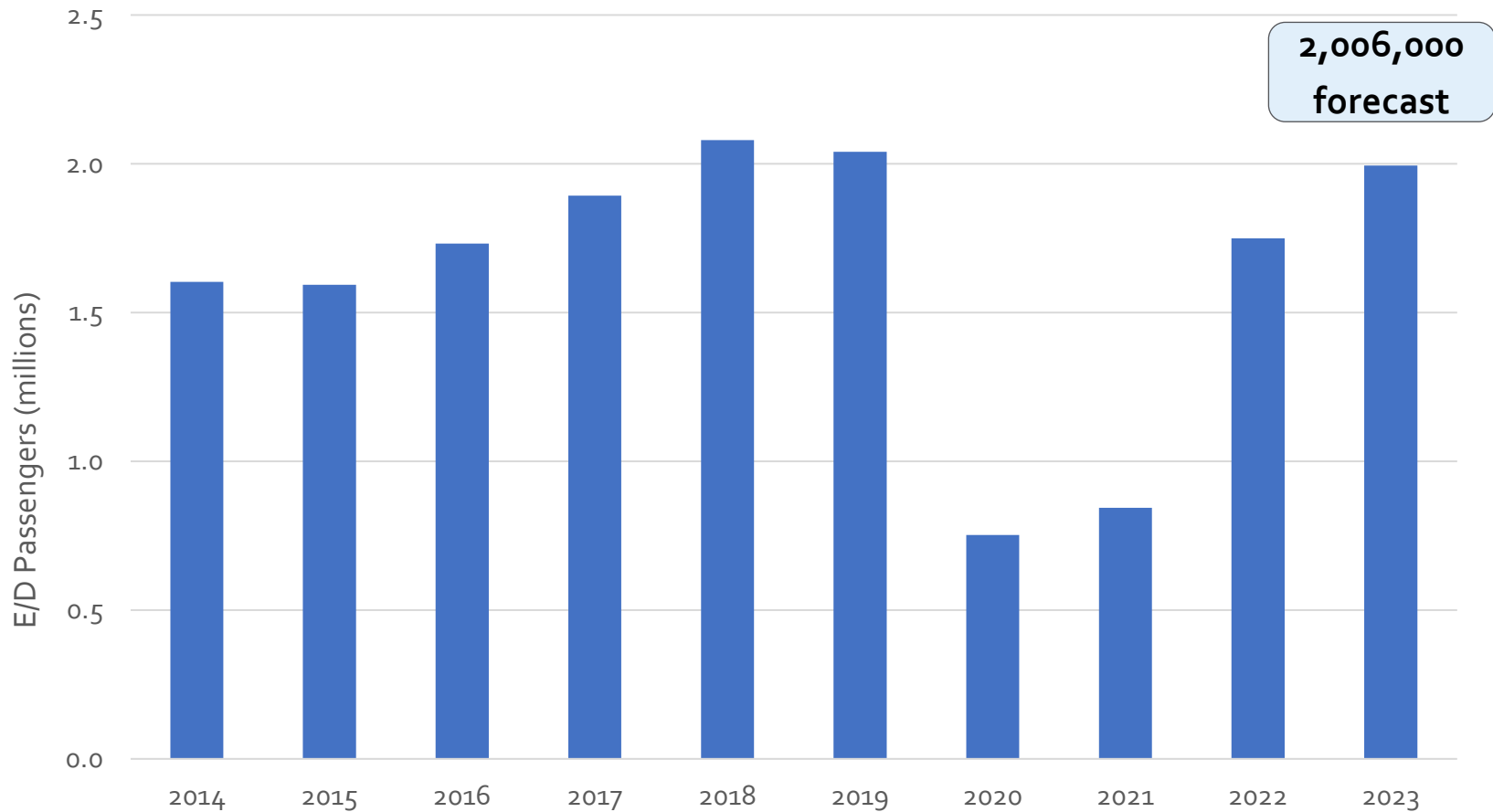
	Monthly	% Monthly (2022)	YTD	% YTD (2022)	% YTS (2019)
January	167,779	72%	167,779	72%	-7.7%
February	165,653	59%	333,340	65%	-7.6%
March	179,122	42%	512,462	56%	-7.5%
April	153,507	21%	665,969	46%	-6.2%
May	156,491	6%	822,460	36%	-4.9%
June	177,067	6%	999,527	30%	-2.6%
July	197,932	24%	1,197,459	29%	-0.6%
August	157,215	-5%	1,354,674	24%	-2.4%
September	161,280	6%	1,515,954	21%	-1.7%
October	171,018	10%	1,686,972	20%	-1.1%

**2023 Forecast**

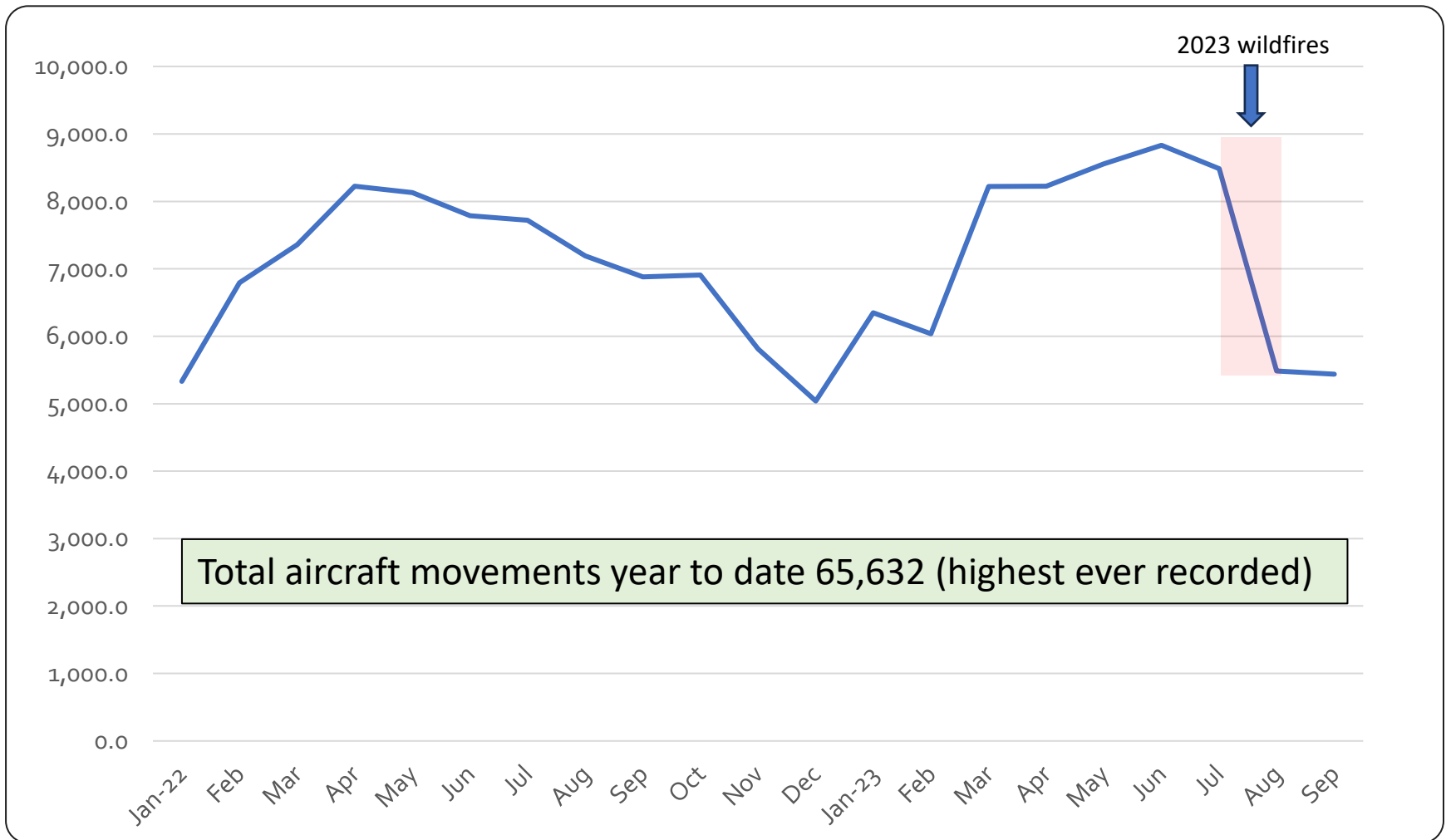
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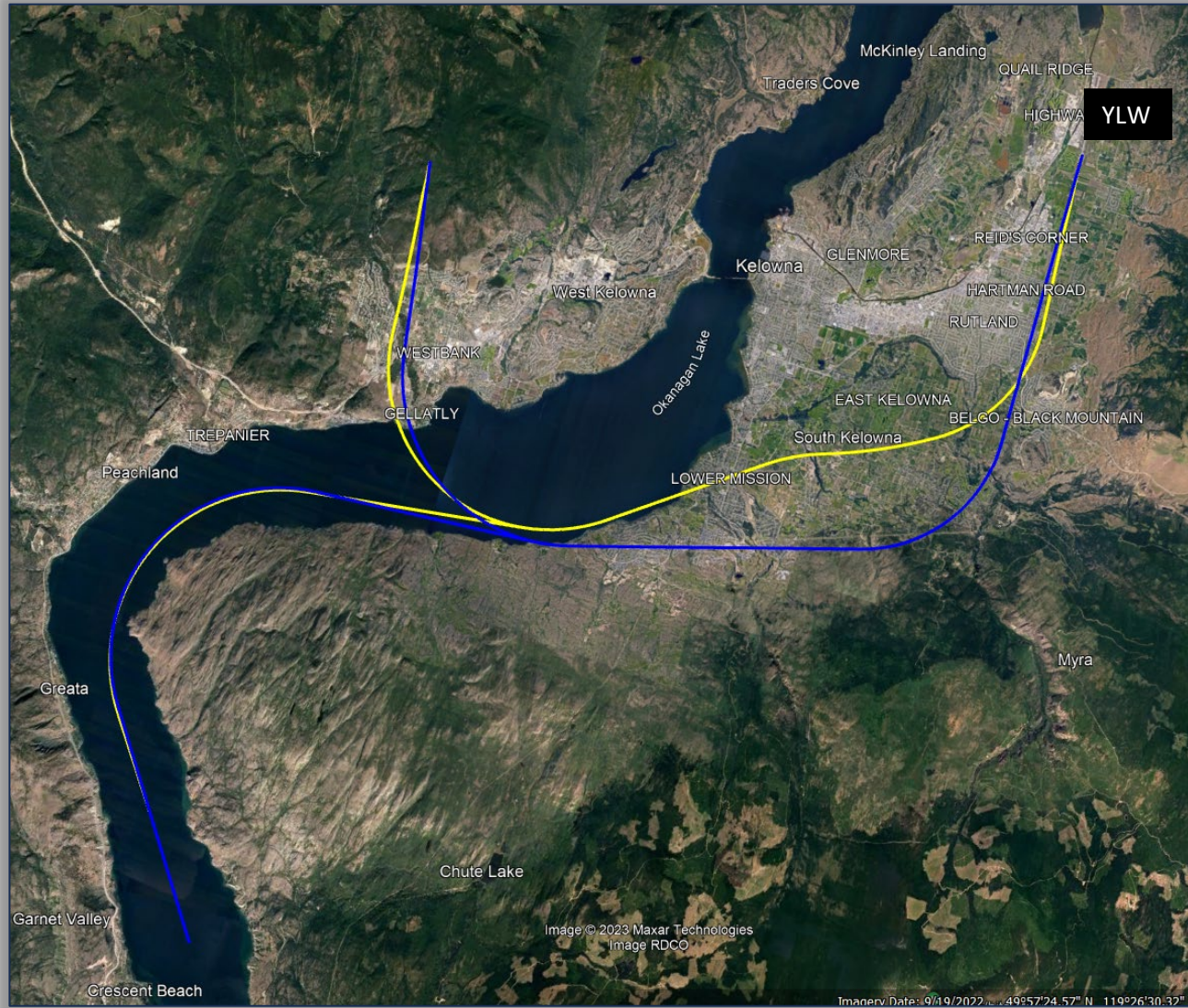
# 2014 – 2023 Passenger Statistics



# 2022 / 2023 Aircraft Movements



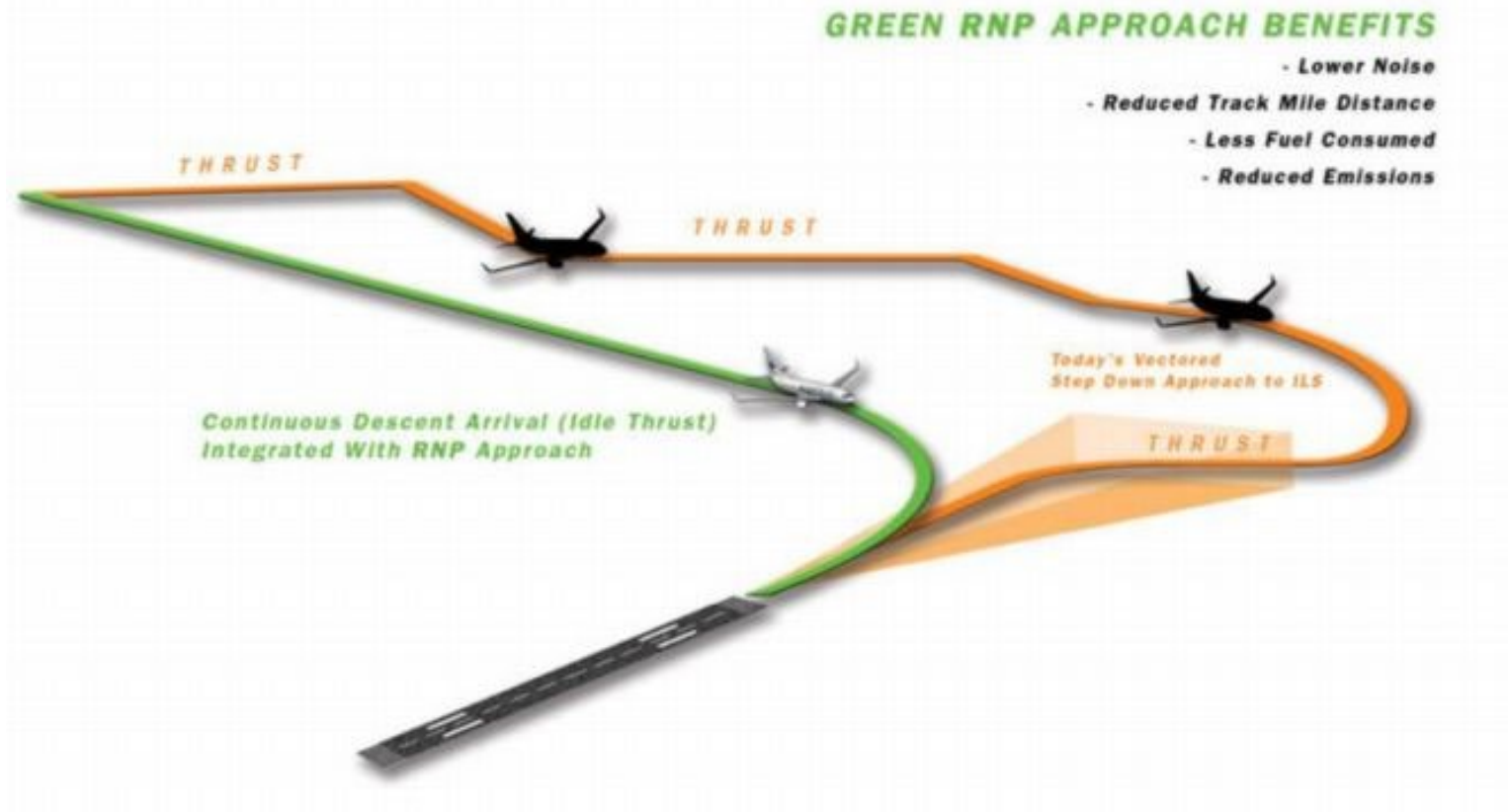
# New Aircraft Approach



**YLW** Kelowna  
International  
Airport



# New Aircraft Approach



# New Aircraft Approach

- ▶ Public information sessions complete

- ▶ October 28<sup>th</sup> KF Centre for Excellence
- ▶ November 1<sup>st</sup> Mission Community Hall
- ▶ November 2<sup>nd</sup> Rutland Centennial Hall

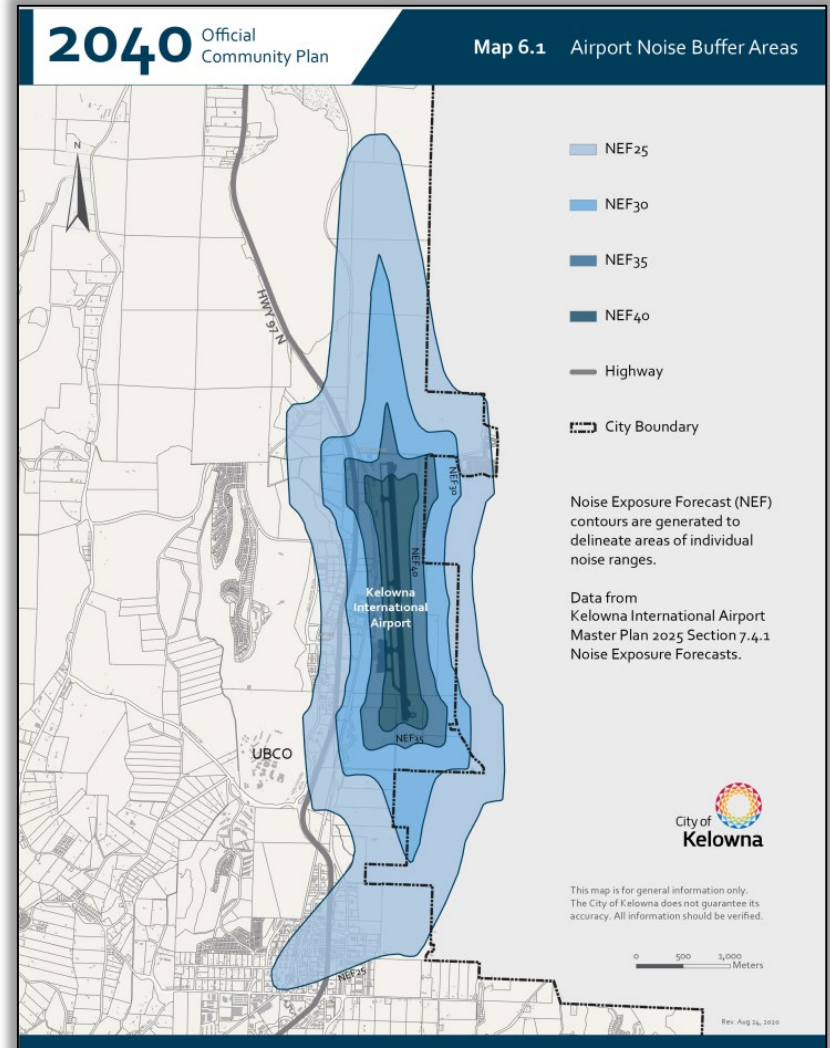
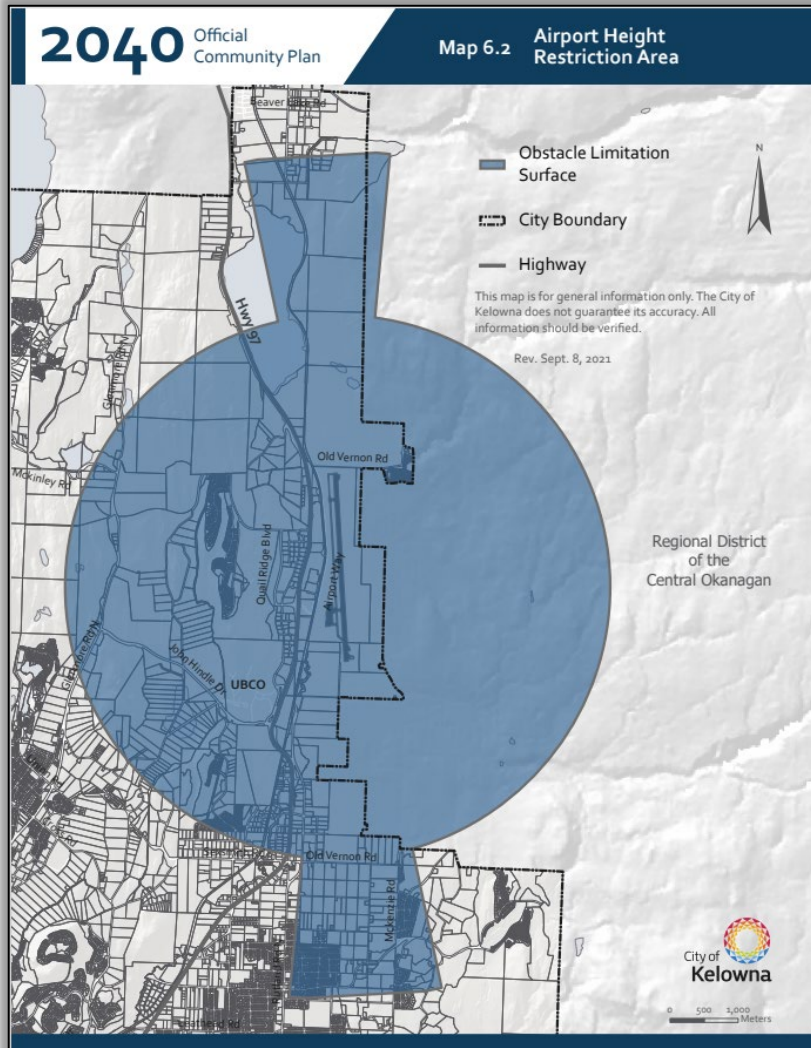


- ▶ New Approach scheduled to come online end of January 2024

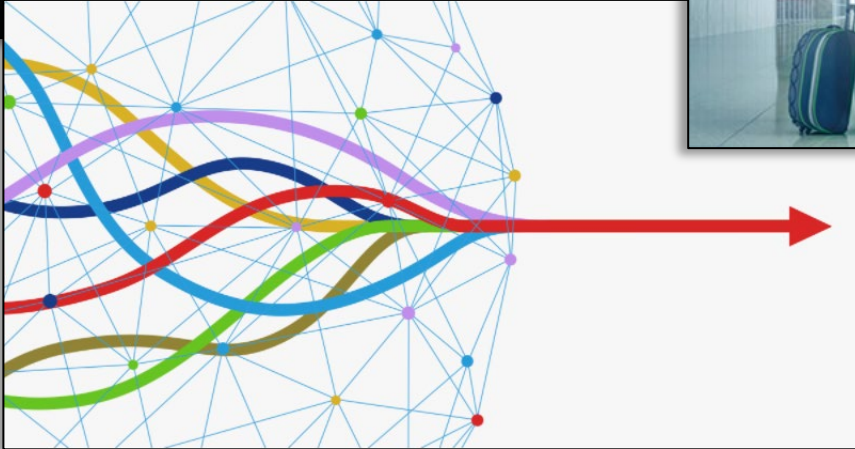




# Official Community Plan



# Innovation Projects Underway





# ReserTrac – Ground Transportation November 2023



## RT-DISPATCH

GROUND TRANSPORTATION MANAGEMENT SYSTEM

Ground Transportation Management System (GTMS) software to dispatch, manage and invoice commercial vehicle operators (CVOs).

- No waiting for months before go-live
- No hidden fees
- No unregistered trips
- No calling for help during peak-period
- No Fixed curbside pickup locations
- No hours of wasted time for drivers
- No need for Multi-million capital investment
- No physical queuing of vehicles
- No parking lots to be used as a vehicle holding area
- No on-site installation or disruptive construction on the premises



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CVTA Tra ... v2.pptx
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### Commercial Vehicle Tracking Application (CVTA)

Overview and Introduction

#### New System

##### Commercial Vehicle Tracking Application 'CVTA'

- CVTA will use new innovative smart tracking techniques (instead of transponders)
- CVTA is based on Geo-fence Technology
- App will be displayed on an in-vehicle tablet
  - Android or Apple (IOS)



#### CVTA Covers

- All of Ontario (GPS based signal)
- Airport terminals (all levels) & roadways
- Geo-fence Zones
- Driver Flexibility
  - (Driver can go for a car wash within the compound zone & still be in queue)
- Short trips are based on distance
- Real-time notifications



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Curbside Vehicle Identification

# ReserTrac – Ground Transportation Benefits



Virtual queue

Increases efficiencies

Accurate reporting tool

Enhances passenger experience

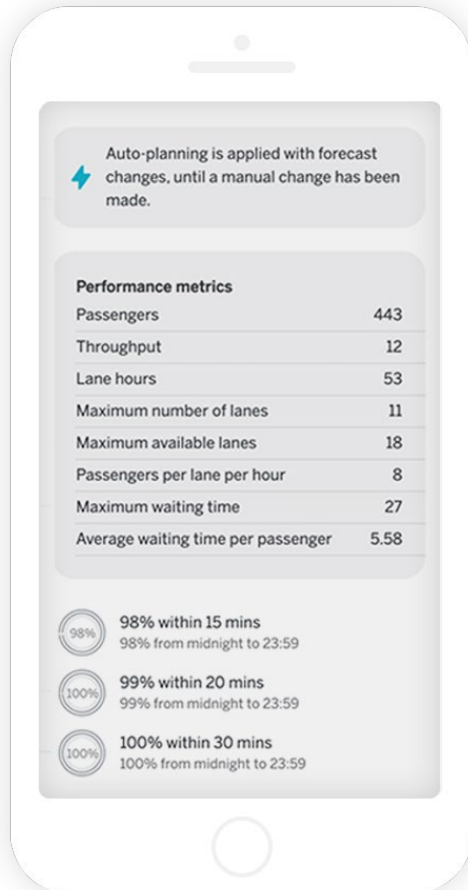
Solves multiple operational challenges

Reduces idling and greenhouse gas emissions



# Automation of gate/counter scheduling January 2024

Based on historical and known day of passenger data



- ▶ How many passengers on the flight
- ▶ How many have checked bags
- ▶ How many already checked in
- ▶ What is average queue time
- ▶ Average time aircraft occupies parking location
- ▶ Use of AI to anticipate delays

# Automation of gate/counter scheduling

## Benefits

- ▶ Improved passenger experience
- ▶ Use of AI and machine learning technologies
- ▶ Automation of day-to-day operational function
- ▶ Deferred capital requirements
- ▶ Balancing of the current infrastructure available
- ▶ Collection of required accurate data to forecast long term infrastructure needs



# 2023 Wildfires



# 2023 Wildfires



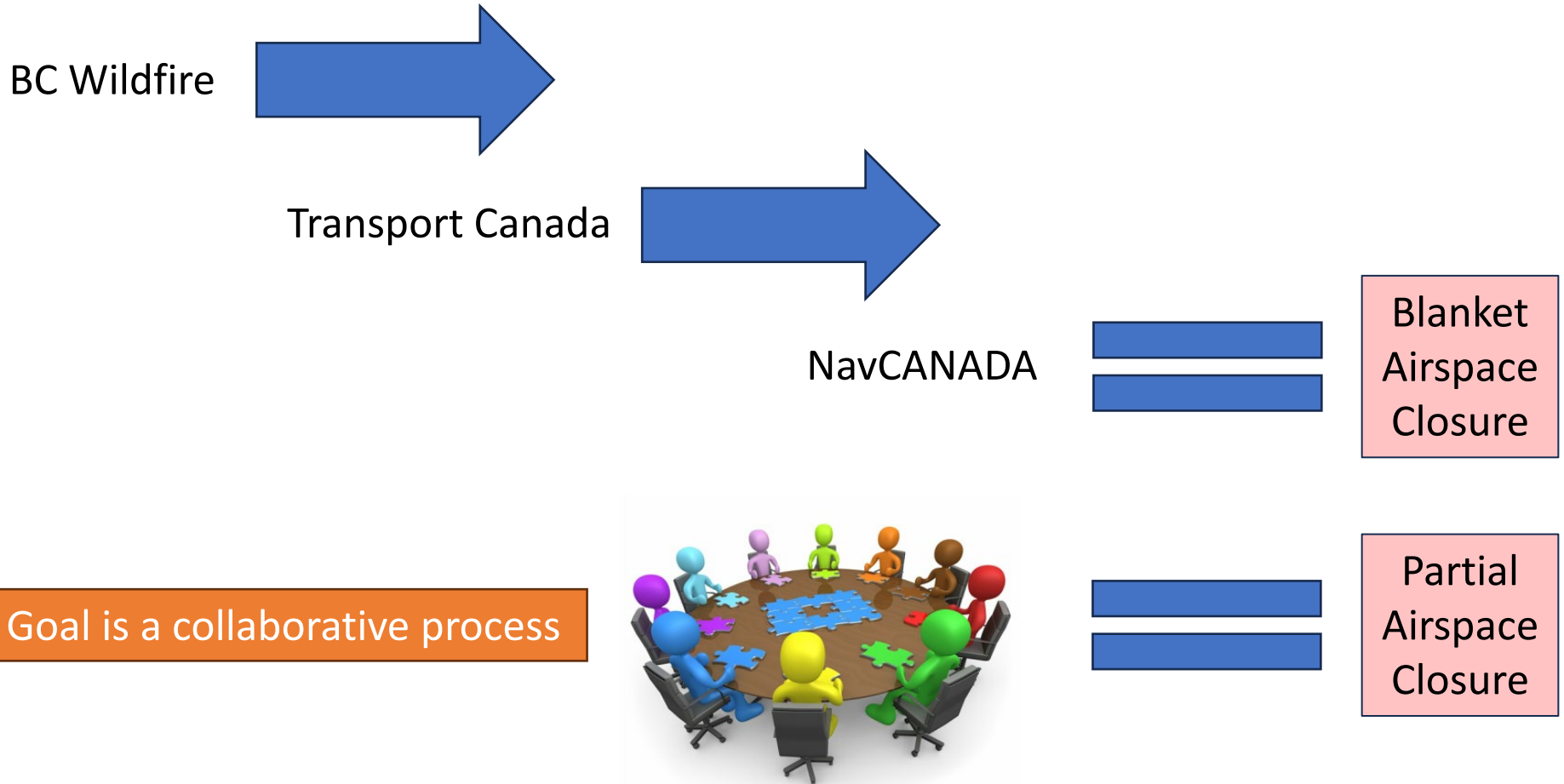
Airspace closed for 85 hours

Over 200 scheduled flights cancelled

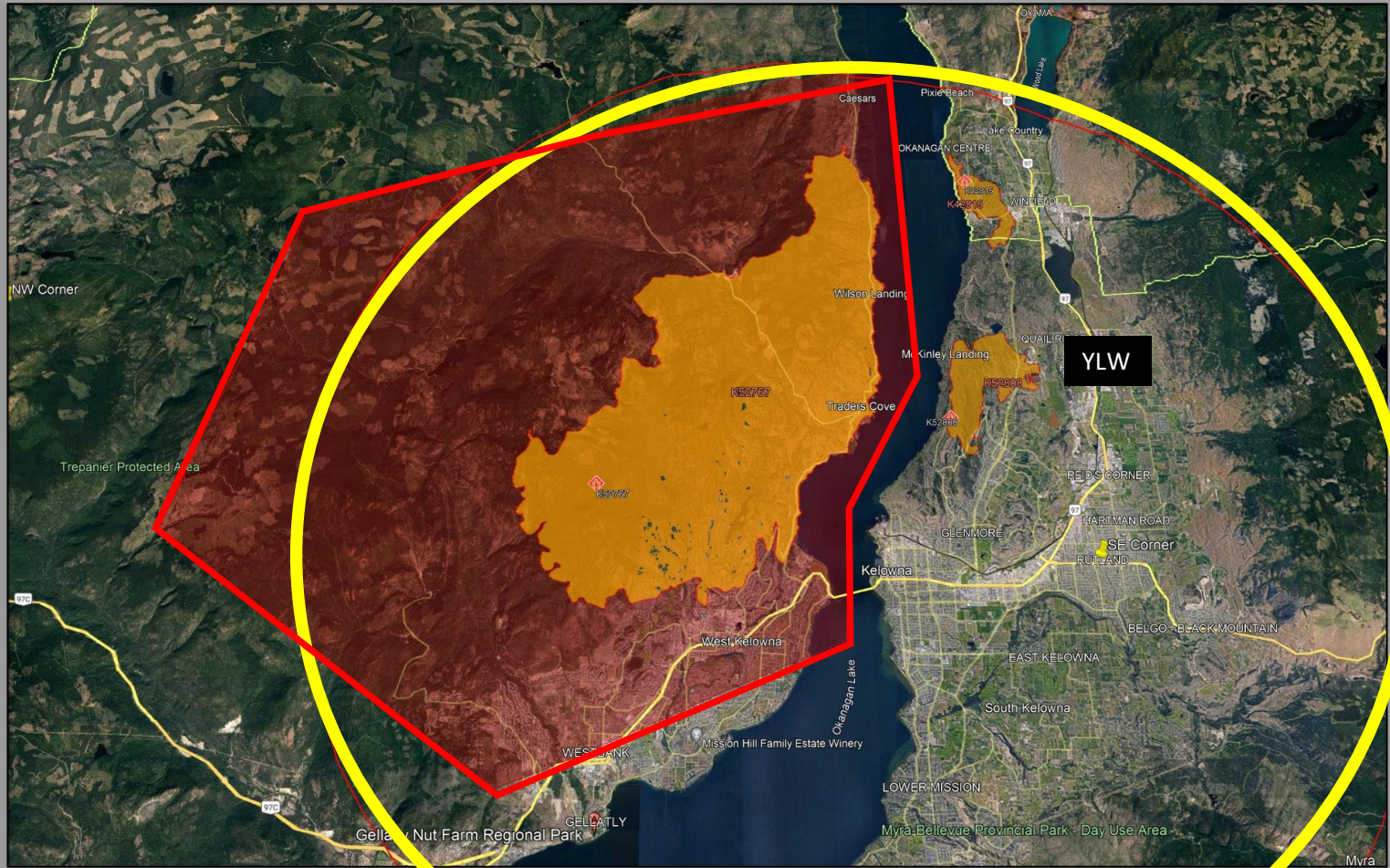


# 2023 Wildfires Airspace Closures

Current decision-making process is linear



# 2023 Wildfires





# 2023 Wildfires

National review of the 2023 wildfires and related processes

## Commitments from Government and Agencies

- ▶ Transport Canada Director General
- ▶ Nav Canada VP Community Relation & Regulatory Affairs
- ▶ Canadian Airports Council

# 2023 Wildfires Action Items

- ▶ National review focusing on the closure of airspace in the vicinity of airports
- ▶ Goal is to move from a linear process to a collaborative decision-making process
- ▶ Commitment from Transport Canada and NavCanada to participate at the national level
- ▶ Facilitated through the Canadian Airports Council



# Air Passenger Protection Regulations

## Changes the CTA is Proposing to APPR

### Category Elimination

Elimination of categories of 'controllable', 'controllable for safety', and 'uncontrollable'



### Exemptions

Categories replaced with a limited number of "exemptions" which must be proved by the air carrier



### Claim Submission Timing

Increase of time eligible for a claim from 1 year to 3 years



### Maintenance Classification

Eliminates all maintenance as a 'for safety' consideration and makes each of these events fully compensable



### Rebooking Guests

Rebooking obligations onto another carrier within 9 hours, no matter the reason



### Communication Obligations

Increased obligations, including notifying guests of their entitlements, which includes collecting the method of communication at check-in



### Chain Reactions

Limiting 'knock-on' effects to no more than 2 flights

# Air Passenger Protection Regulations

## Unintended Consequences

- Affordability and Equality
- Employment
- Regional Connectivity
- Tourism & Economic Development



# Commercial, Capital Projects & Air Service Overview







YLW

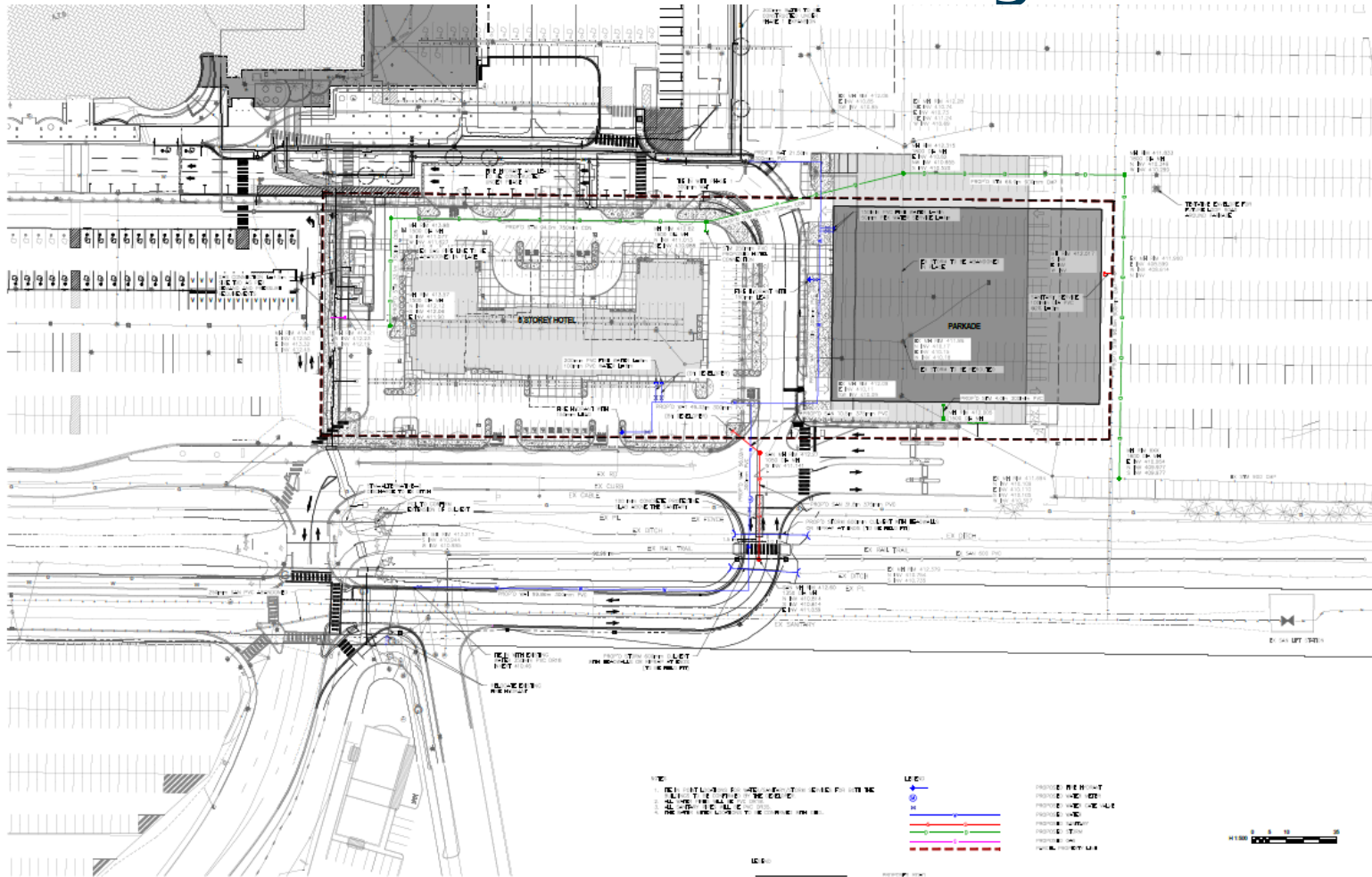
Kelowna International Airport

# Airport Commercial Overview





# Hotel & Parkade – Potential Ring Road



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architects + designers  
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**YLW**  
KELOWNA INTERNATIONAL AIRPORT

**AECOM**

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DATE	REV	DESCRIPTION
FEB 10, 2023	A	ISSUED FOR REVIEW

**KELOWNA INTERNATIONAL AIRPORT**  
ATB EXPANSION PHASE 1  
3825 AIRPORT WAY, KELOWNA, BC, V1Y 1S1  
2018-02-10

**YLW HOTEL AND PARKADE  
SERVICING PLAN**

NOT FOR CONSTRUCTION



**YLW** Kelowna  
International  
Airport





# Capital Projects Overview



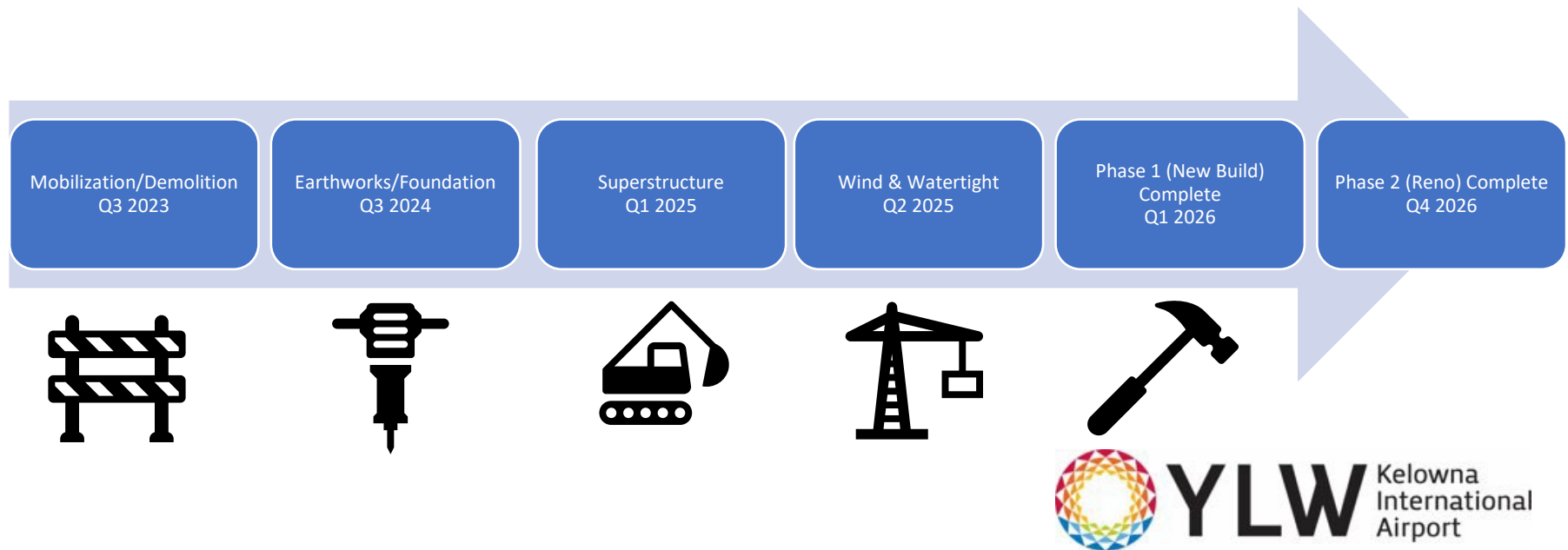


# YLW Overview



# Air Terminal Building Expansion

- ▶ Aug 2023 - Demolition of Airside Corridor Complete
- ▶ September 2023 - Full mobilization of Contractors
- ▶ October 2023 – Hoarding at PBS & demolition of existing building
- ▶ November 2023 – Asphalt removed, and ground improvement works
- ▶ January 2024 – Crane Erection





# Air Terminal Building Expansion





# Air Terminal Building Expansion



# Childcare Facility

Facility is open and full - initiated a second funding application to expand into additional two classrooms



# Hotel & Parkade

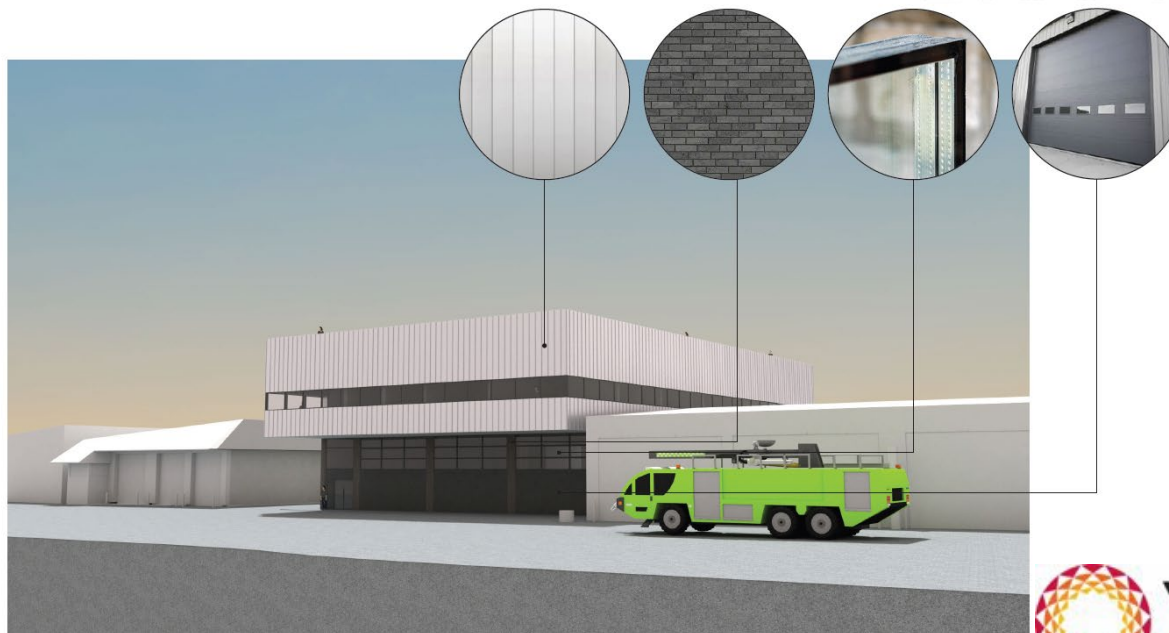


# Combined Operations Building

Construction of new Combined Operations Building includes:

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

02 CONCEPT + MATERIALS  
RENDERINGS



VIEW FROM NORTHEAST

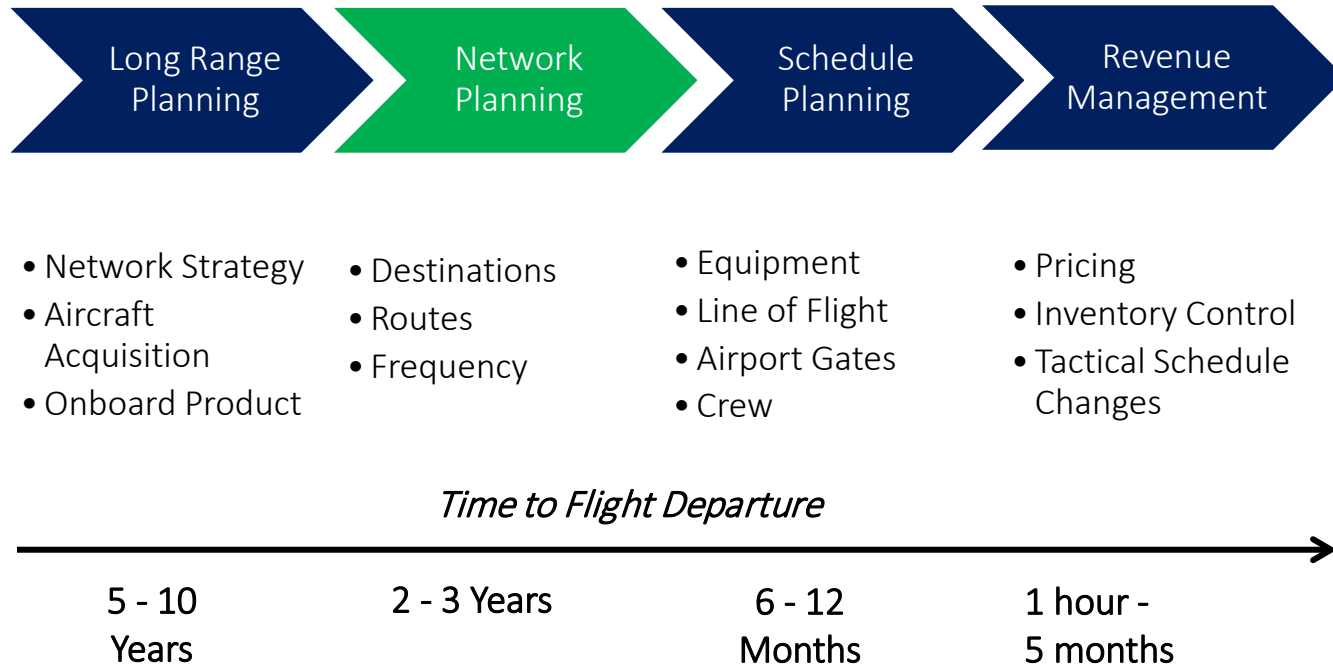


# Air Service Development Overview





# Airlines work on planning cycles.





# Stakeholder can influence the network planning process.

- Airlines evaluate both current and potential new markets in order of **forecast profitability** and **market risks**
- Airline planners require **detailed and accurate market information** to make new route decisions, but **do not have the resources** to fully evaluate every market
- New Markets need to fit in the airline's fleet and network strategy
- Markets can move up the list with:
  - Solid research & analysis
  - Incentives & risk sharing

## “The Airline Planner List”

(Current Routes & New Markets)

RANK	ROUTE
1	— . — . — . — . —
2	— . — . — . — . —
3	— . — . — . — . —
4	— . — . — . — . —
5	— . — . — . — . —
6	— . — . — . — . —
7	— . — . — . — . —
8	— . — . — . — . —

Some markets spend years moving up the “list” before a service announcement; some are never started.

# The philosophy of network planners has changed...

Before	Now
• Growth mode	• Risk management
• Commercial business case	• Operational ability
• Schedule consistency	• Passengers are used to change
• Global / broad presence needed to be seen as a major player	• Focus on core competencies (drive profit and contain operational issues)
• International routes are more lucrative	• Domestic routes are less risky



# Summer and winter are planned separately.



- **Summer**

- 11 destinations
- 8,100 daily inbound seats

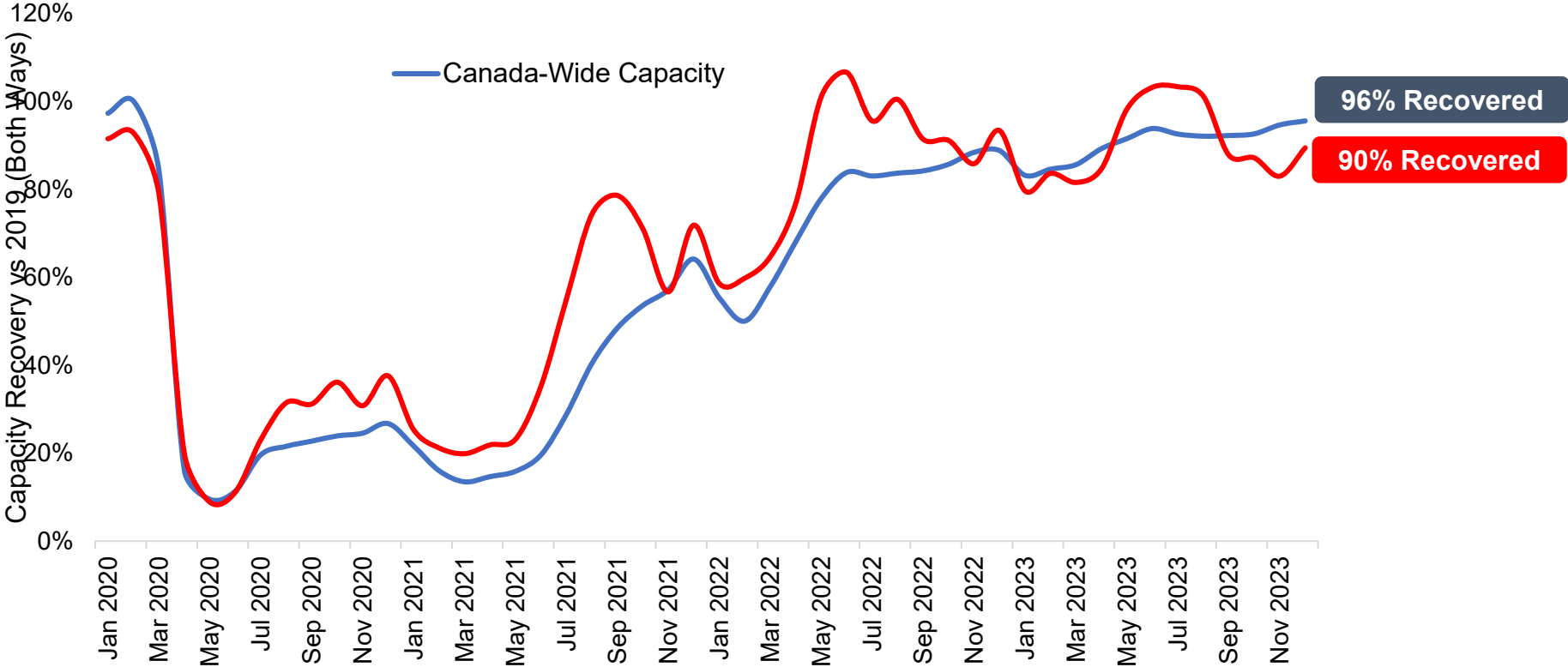
- **Winter**

- 15 destinations
- 6,900 daily inbound seats

Source: Innovata Schedules via Diiio. Future Capacity as of Nov 2023.

# YLW Recovery has kept up with the Canadian average.

## Seat Capacity Recovery at YLW vs. Canadian Average Capacity Levels Compared to Same Month in 2019



Source: Innovata Schedules via Diao. Future Capacity as of Nov 2023.

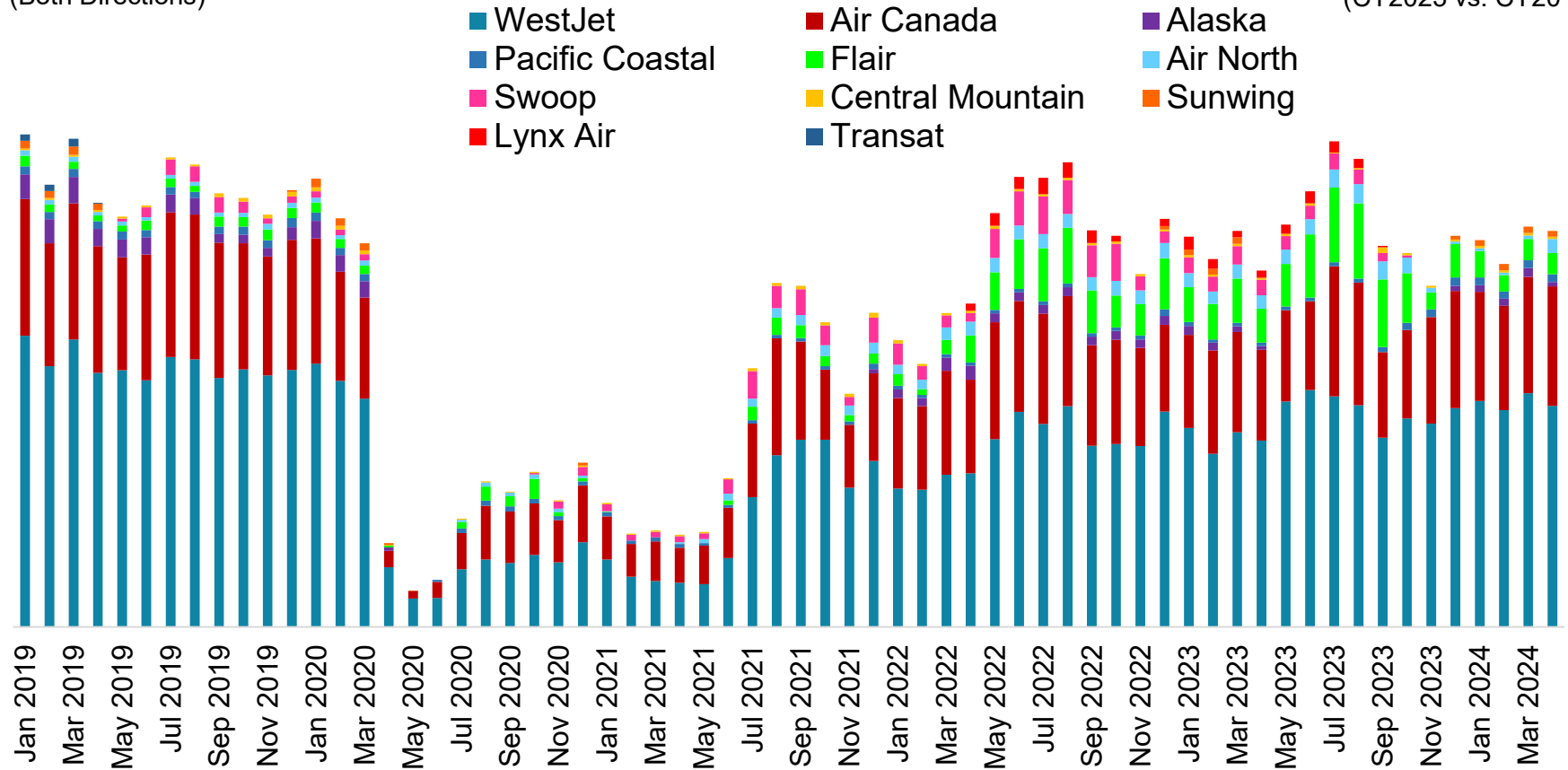


# ULCCs pulled back but major network carriers are expanding.

**90%**

**YLV Seats by Airline (Jan 2019 to Apr 2024)**  
(Both Directions)

Seats Recovered  
(CY2023 vs. CY2019)



Source: Innovata Schedules via Diao, as of Nov 2023.

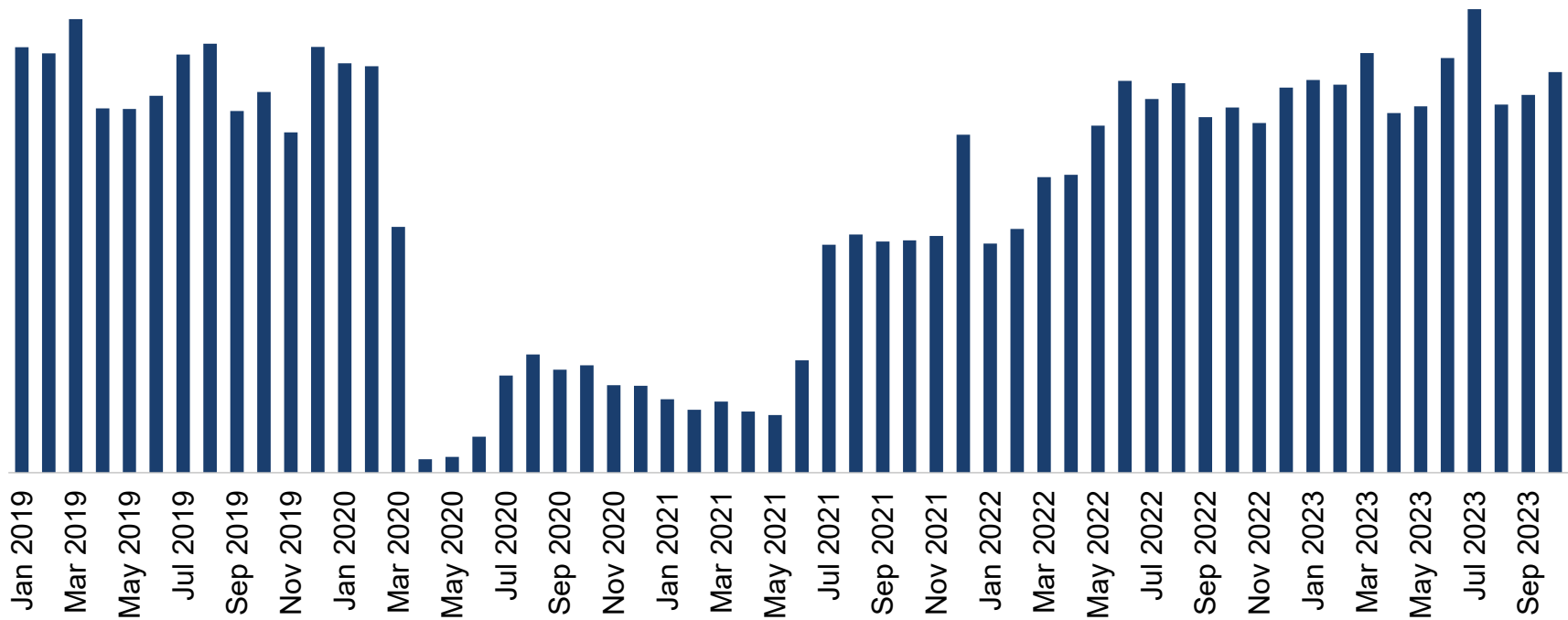
# Demand continues to be strong.

# 98%

Passengers Recovered  
(Twelve Months Ended September 2023 vs. Calendar Year 2019)

**2023 Setting records for:  
May, Jun, Jul, Sep, Oct**

**YLW Passenger Traffic by Month**  
Total Enplaned & Deplaned Passengers



Source: Kelowna International Airport



# Air Service Development wins.



AIR CANADA

- **Toronto** – increase in frequency, now 2/day
- **Vancouver** – More frequency, capacity and jets



**WESTJET**

- **Toronto** – Mainline service, 2/week
- **Calgary** – More frequency, capacity and jets
- **Las Vegas** – 2/week



*Pacific Coastal*  
AIRLINES

- **Nanaimo** – new route, daily
- **Victoria** – increase in frequency and up-gauge

# Strategically focused on areas with the greatest impact.

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

# 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**

- Foundational meeting taking place Nov 17
- Broader group that is focused on air service overall on a year-round basis







Y.L.W.

Kelowna International Airport

# Financial Overview





# Financial Overview

## Actual vs. Budget

	<b>9 Months 30-Sept-23</b>	<b>2023 Budget</b>	<b>% of Budget</b>
<b>Passengers</b>	<b>1,516</b>	<b>2,058</b>	<b>74%</b>
Revenues	40,148	55,705	72%
Expenditures	21,739	30,577	71%
<b>Annual surplus</b>	<b>18,409</b>	<b>25,128</b>	<b>73%</b>

# Financial Overview

## Actual vs. Budget

	<b>9 Months 30-Sept-23</b>	<b>2023 Budget</b>	<b>% of Budget</b>
AIF	17,903	24,406	73%
Parking	7,345	9,900	74%
Landing fees	3,135	4,740	66%
Car rental	2,513	3,712	68%
Terminal fees	2,465	3,697	67%
Grants	3,824	5,359	71%
Leases	1,358	1,840	74%
Food and beverage	727	884	82%
Other	878	1,167	75%
<b>Revenues</b>	<b>40,148</b>	<b>55,705</b>	<b>72%</b>



# Financial Overview

## Actual vs. Budget

	9 Months 30-Sept-23	2023 Budget	% of Budget
Salaries and wages	4,662	6,780	69%
Facility maintenance	3,418	4,236	81%
Contract services	1,010	1,102	92%
Payment to General Fund	927	1,236	75%
Security	782	1,023	76%
Professional and consulting	757	1,944	39%
Purchase services	651	1,081	60%
Interest expense	584	584	100%
Software maintenance	484	575	84%
Electricity	388	532	73%
Amortization (estimated)	6,121	8,161	75%
Other	1,955	3,323	59%
<b>Expenditures</b>	<b>21,739</b>	<b>30,577</b>	<b>71%</b>



# Financial Overview

2024

- ▶ Significant investment (\$60M)
  - ▶ Terminal building expansion
  - ▶ Combined operations building
  - ▶ Airside pavement rehabilitation
  - ▶ Equipment

# Financial Overview

## Fees and Charges

- ▶ Landing and terminal fees
  - ▶ 3% proposed increase – January 1, 2024
  - ▶ Last increase – 2020
- ▶ Annual taxi and transportation network services licensing fee
  - ▶ Currently - \$50
  - ▶ Proposed - \$0
- ▶ Land rental rates
  - ▶ Wording change for clarity

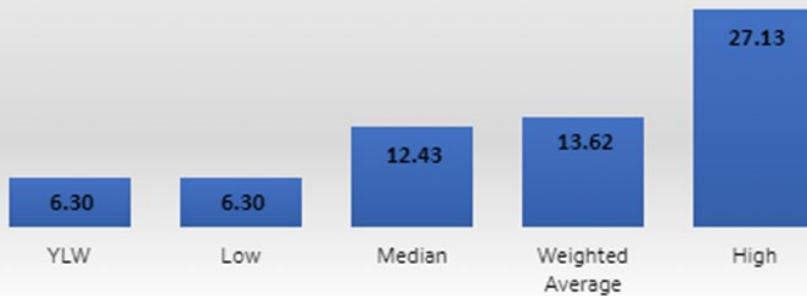


# Financial Overview

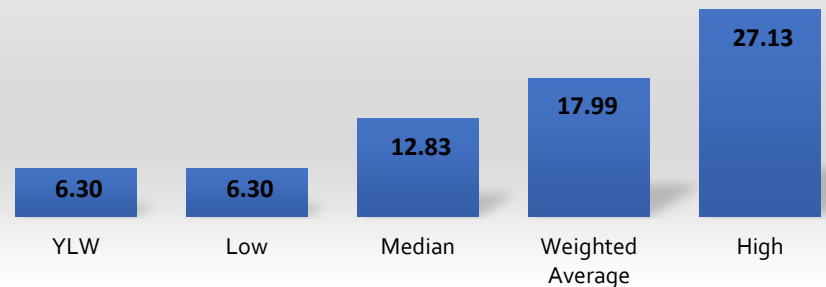
## Fees and Charges

### ► Aeronautical revenues per landed air carrier seat

Tier 2 Aeronautical Revenues per Landed Carrier Seat  
(12 Months Ended June 30, 2023)



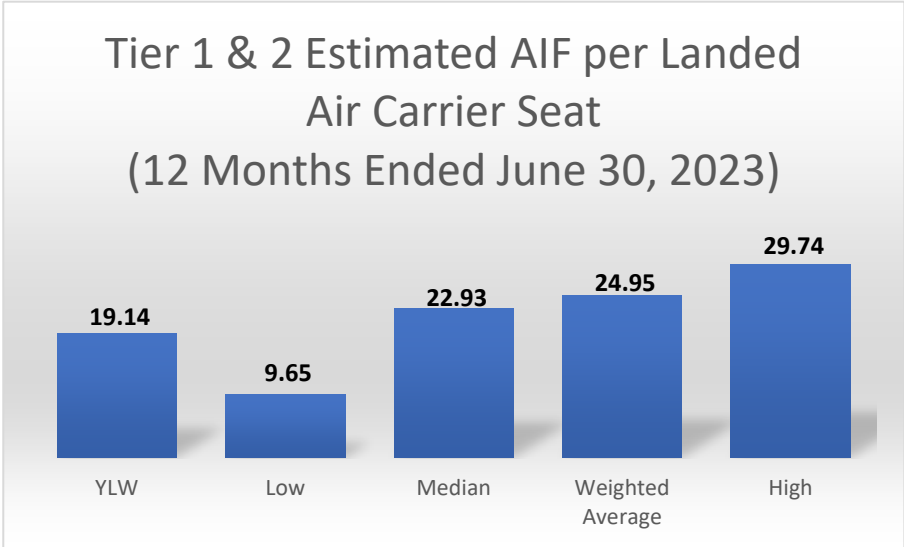
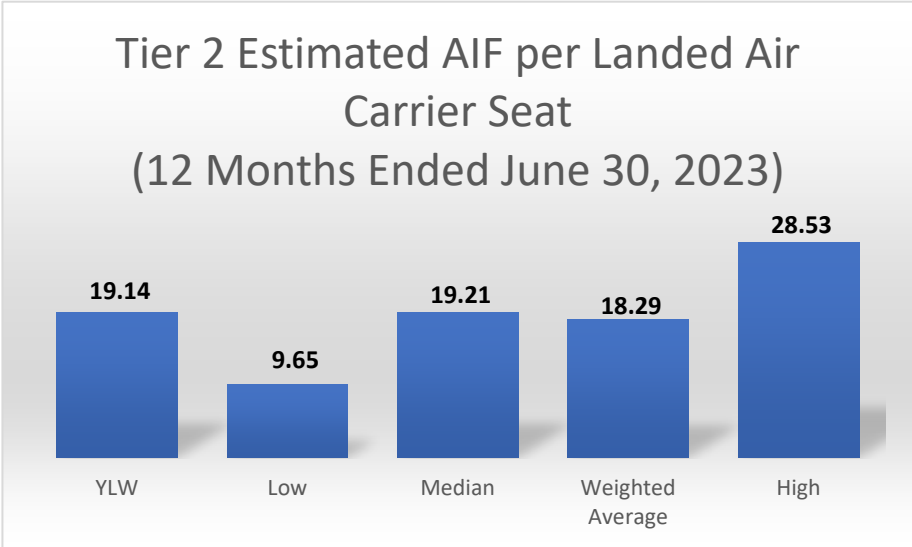
Tier 1 & 2 Aeronautical Revenues per Landed Carrier Seat  
(12 Months Ended June 30, 2023)



# Financial Overview

## Fees and Charges

- ▶ Estimated airport improvement fee per landed air carrier seat

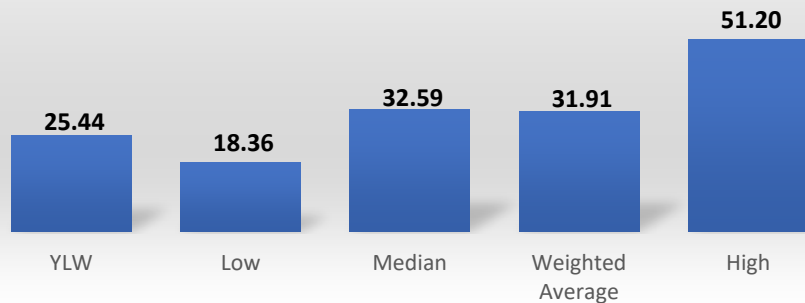


# Financial Overview

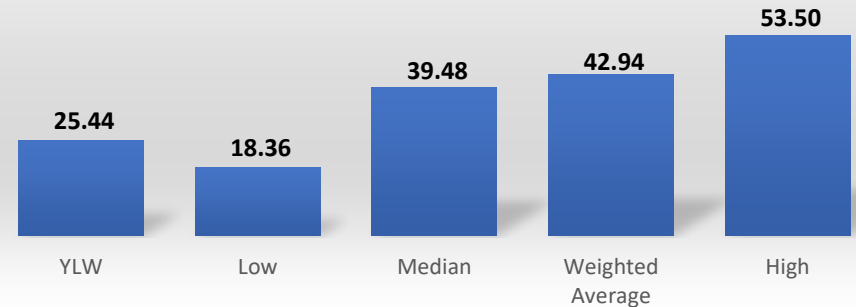
## Fees and Charges

- ▶ 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 June 30, 2023)



Tier 1 & 2 Aeronautical Revenue and AIF per Landed Air Carrier Seat  
(12 Months Ended June 30, 2023)







Kelowna International Airport

# Recommendations





# Recommendations

- ▶ THAT the Airport Advisory Committee receive, for information, the report from Kelowna International Airport, presented on November 15, 2023;
- ▶ AND THAT the Airport Advisory Committee supports obtaining the approval of Council for the amendment to the Airport Fees and Charges Bylaw No. 7982 to
  - ▶ increase landing and terminal fees by 3% effective January 1, 2024,
  - ▶ increase landing and terminal fees by up to the BC all items consumer price index for future years,
  - ▶ remove the \$50 annual taxi and transportation network services licensing fee, and
  - ▶ update the land rental rate language

as presented to the Airport Advisory Committee on November 15, 2023.

# Questions?

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



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International  
Airport