

Report to Council



Date: November 27, 2023
To: Council
From: City Manager
Subject: Amendment to Airport Fees and Charges Bylaw 7982
Department: Kelowna International Airport

Recommendation:

THAT COUNCIL receive for information the report of the Kelowna International Airport dated November 27, 2023;

AND FURTHER THAT Bylaw No. 12597 being Amendment No. 41 to the City of Kelowna Airport Fees Bylaw 7982 be advanced for reading consideration.

Purpose:

To obtain Council’s approval to amend the Kelowna International Airport’s Fees Bylaw No. 7982.

Background:

Landing and Terminal Fees

Due to inflationary pressures that have been experienced since 2020, the Airport is recommending a 3% increase to its Landing Fees and Terminal Fees, as shown below, effective January 1, 2024. Kelowna International Airport (the Airport) has not implemented a Landing and Terminal Fee increase since 2020.

The Airport remains committed to its low-cost business model and continues to look for ways to increase non-aeronautical revenues in order to keep aeronautical fees as low as possible.

Landing Fees (Jet and Turbine Aircraft)

| | Current | Proposed |
|--|---------|----------|
| Cost per 1,000 kg or fraction thereof of maximum take-off weight | \$6.63 | \$6.83 |

Terminal Fees

| Number of Passengers | Current | Proposed |
|-----------------------------|----------------|-----------------|
| 01-09 | \$13.62 | \$14.03 |
| 10-15 | \$32.45 | \$33.42 |
| 16-25 | \$50.14 | \$51.64 |
| 26-45 | \$88.01 | \$90.65 |
| 46-60 | \$125.32 | \$129.08 |
| 61-89 | \$199.96 | \$205.96 |
| 90-125 | \$275.35 | \$283.61 |
| 126-150 | \$325.58 | \$335.35 |
| 151-200 | \$450.06 | \$463.56 |
| 201-250 | \$586.69 | \$604.29 |
| 251-300 | \$723.19 | \$744.89 |
| 301-400 | \$864.39 | \$890.32 |
| Over 400 | \$1,065.51 | \$1,097.48 |

Future Inflationary Increases

The Airport is further recommending the Airport's Fees Bylaw No. 7982 be amended to provide the Airport the ability to increase the Landing and Terminal Fees in subsequent years by no more than the 12 month average increase in the British Columbia, all items consumer price index for the preceding 12 months ended June 30. Any increase would become effective the first day of the calendar year.

Land Rental Rates

The Airport is recommending that the Land Rental Rates section of Bylaw 7982 be amended to the following:

Land rental rates for airport leases and sub-leases will be based on current market value as determined by an independent appraisal for the initial year of the term, plus annual increases of 2% per annum for the balance of the term beyond the first year, and/or with the ability to align land rental rates with current market value every five years.

This recommended change will provide additional flexibility in negotiating increases to rental rates.

Taxis, Transportation Network Services and Limousines

The Airport is recommending that the \$50 annual licence fee per vehicle for taxi and transportation network services be removed from Bylaw 7982 as a new tracking system is being implemented at the Airport that will reduce administration costs.

Previous Airport Advisory Committee Recommendation

| Recommendation | Date |
|-----------------------|-------------|
|-----------------------|-------------|

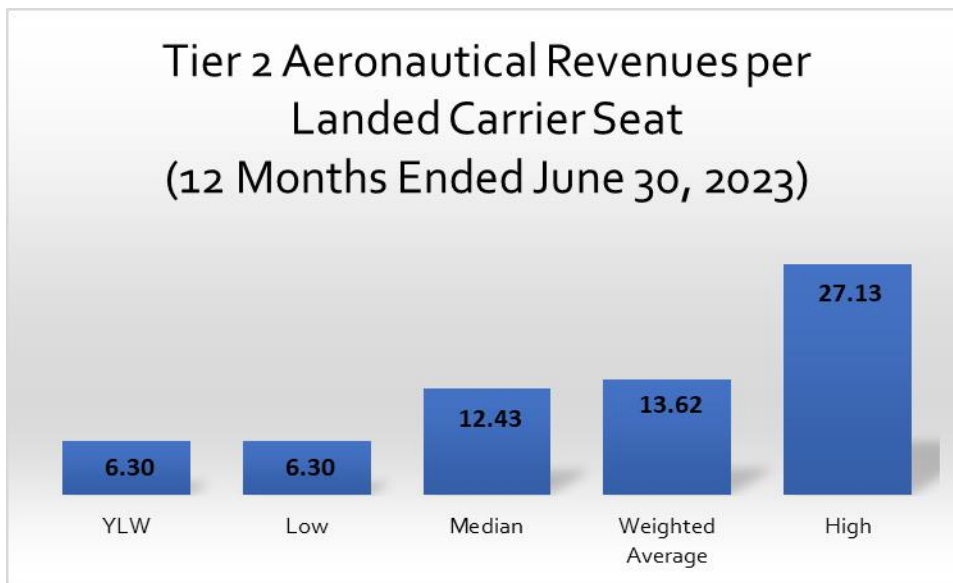
AND THAT the Airport Advisory Committee supports obtaining the approval of Council for the amendment to the Airport Fees and Charges Bylaw No. 7982 to

November 15, 2023

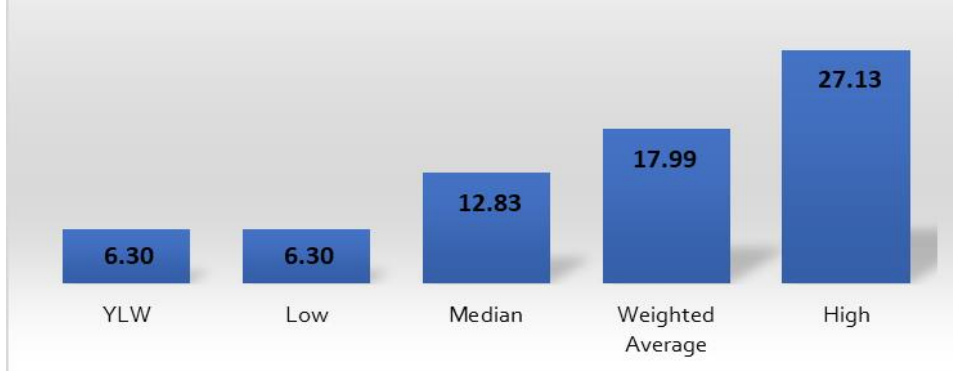
- increase landing and terminal fees by 3% effective January 1, 2024,
 - increase landing and terminal fees by up to the BC all items consumer price index for future years,
 - remove the \$50 annual taxi and transportation network services licensing fee, and
 - update the land rental rate language
- as presented to the Airport Advisory Committee on November 15, 2023.

Discussion:

With a 3 percent increase, the Airport’s Aeronautical Revenues per Landed Air Carrier Seat would still be among the lowest in comparison to the Tier 1 and Tier 2 airports that participate in the Canadian Airports Information Sharing (CAIS) program, as shown below. If increased, the Airport’s Landing Fees and Terminal Fees would remain aligned with the Airport’s low-cost business model.



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



Conclusion:

The Airport is recommending that Bylaw No. 7982 be amended to increase Landing and Terminal Fees by 3% effective January 1, 2024, and to provide the Airport the ability to increase the Landing and Terminal Fees in subsequent years to keep pace with inflation. The Airport further recommends amending the Land Rental Rates to provide more flexibility in negotiating rental increases and removing the taxi and transportation network services \$50 annual licence fee.

Internal Circulation:

City Clerk
Communications
Financial Services

Considerations applicable to this report:

Financial/Budgetary Considerations:

If approved, the 2024 Financial Plan will incorporate these fee adjustments.

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Consultation and Engagement:

Communications Comments:

Submitted by: S. Dyrdal, Director Finance and Corporate Services

Approved for inclusion:

SS

cc:

P. Patel, Airport Finance Manager

T. McQueenie, Airport Corporate Services Manager

C. Brannagan, Communications Advisor

M. Friesen, Controller