

Airport Advisory Committee Meeting

May 29, 2024



Agenda

- ▶ Welcome and introductions
- ▶ Approval of minutes
- ▶ Opening remarks
- ▶ Operational review
- ▶ Commercial, capital projects & air service overview
- ▶ Financial overview
- ▶ Questions
- ▶ Tour



Y^LW

Kelowna International Airport

Opening Remarks





Y^LW

Kelowna International Airport

Operational Overview

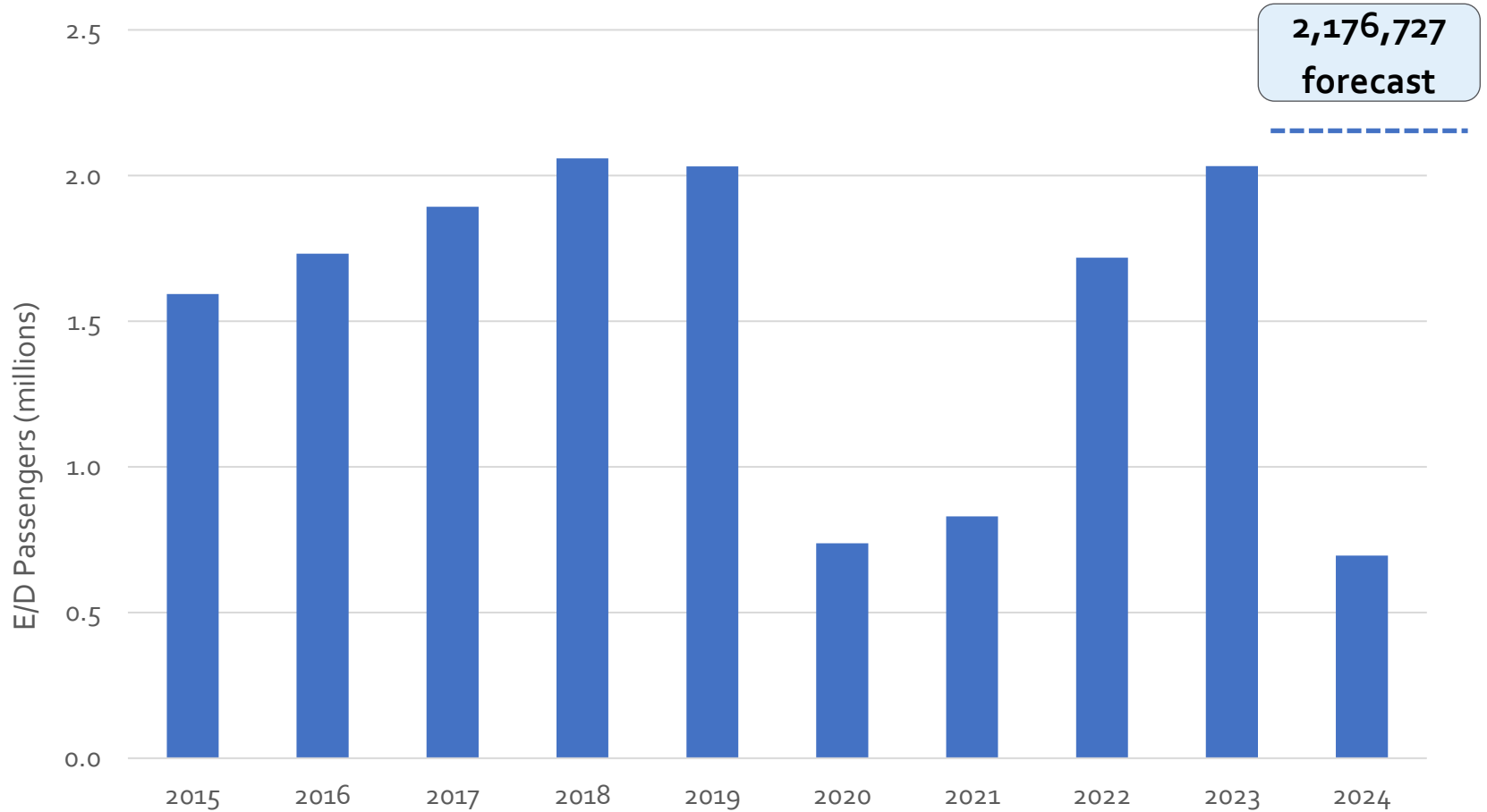


2024 Monthly Passengers

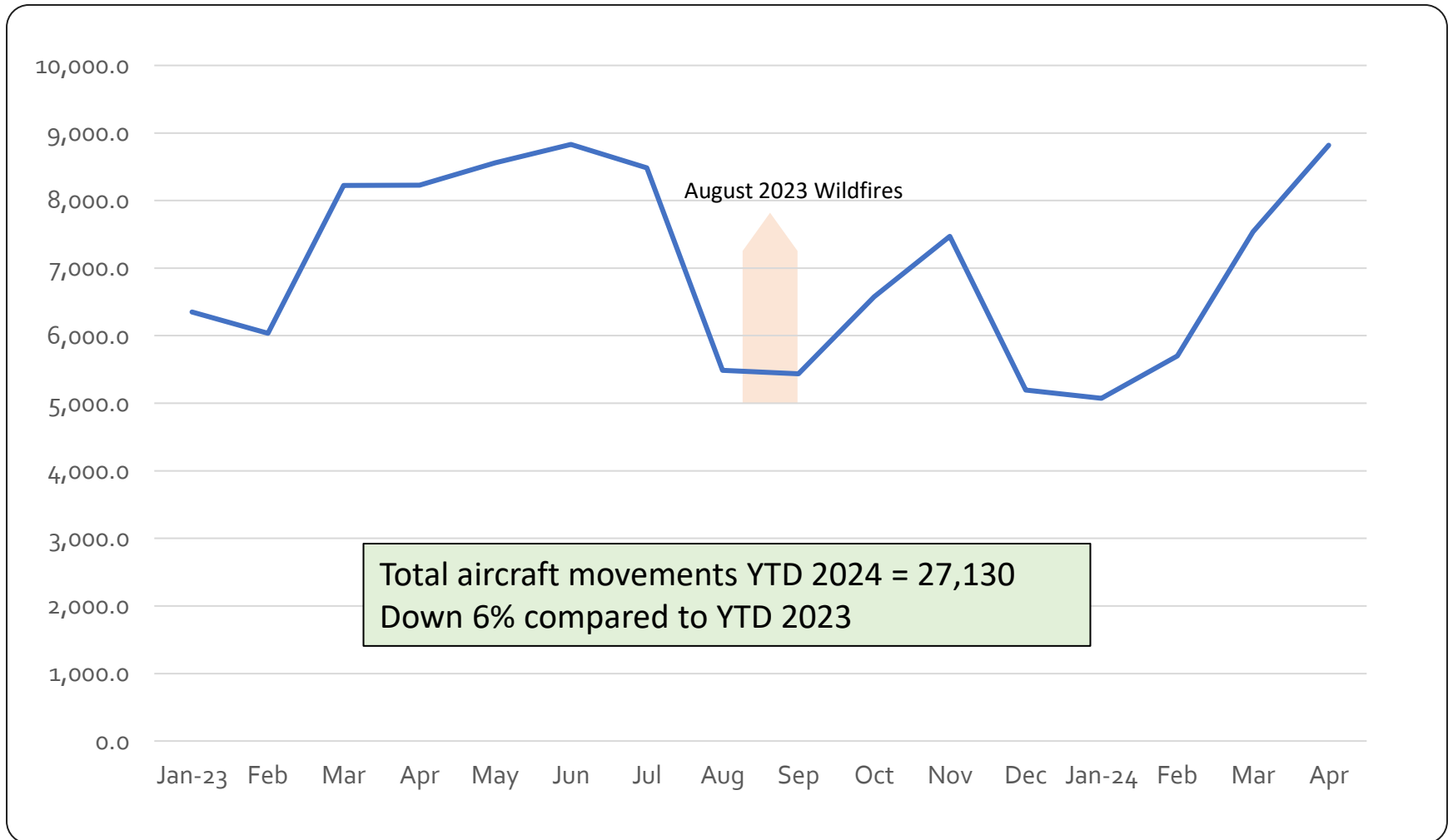
	Monthly 2024	YTD	Variance 2023 Monthly	Variance 2023 YTD
January	175,238	175,238	4.50%	4.50%
February	176,300	351,538	6.43%	5.46%
March	184,722	536,260	3.13%	4.64%
April	159,655	695,915	4.01%	4.50%

2024 Forecast	2,176,727
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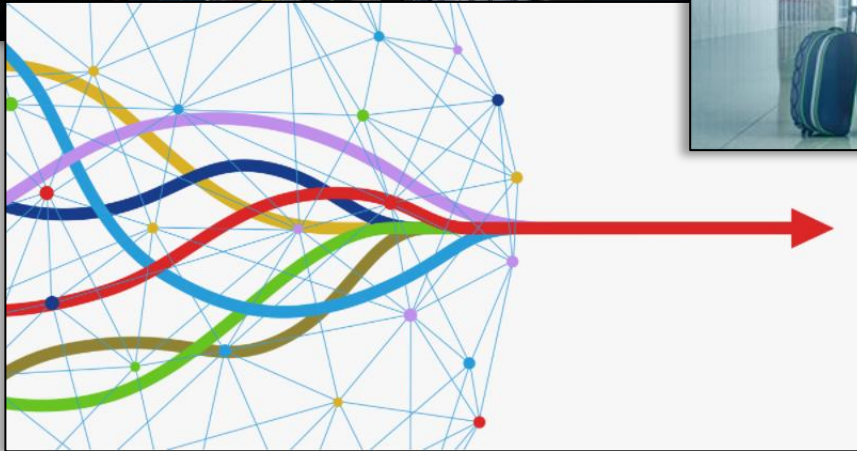
2015 – 2024 Passenger Statistics



2023 / 2024 Aircraft Movements



Operations & Innovation



Foundation

1. Optimize runway capacity and the surrounding airspace
2. Maximize & optimize efficiency of existing facility
 - Machine learning and AI
 - Use of technology for passenger processing
 - Defer large infrastructure programs
 - Meet 2030 and 2040 GHG reduction initiatives
3. Enhance passenger experience and reduce travel anxiety
 - Ensure majority of preflight items can be done at home (check-in, identify validation, payment of fees, prepay parking)
 - Minimize the number of times the passenger is required to que
 - Use of automated and self-service systems (kiosks, self boarding, flight information)
4. Reduce amount of time aircraft are on the ground through optimizing gate turns

New Aircraft Approach RNP (.30) RWY 34

COMPLETED

Foundation - Optimize runway capacity and the surrounding airspace

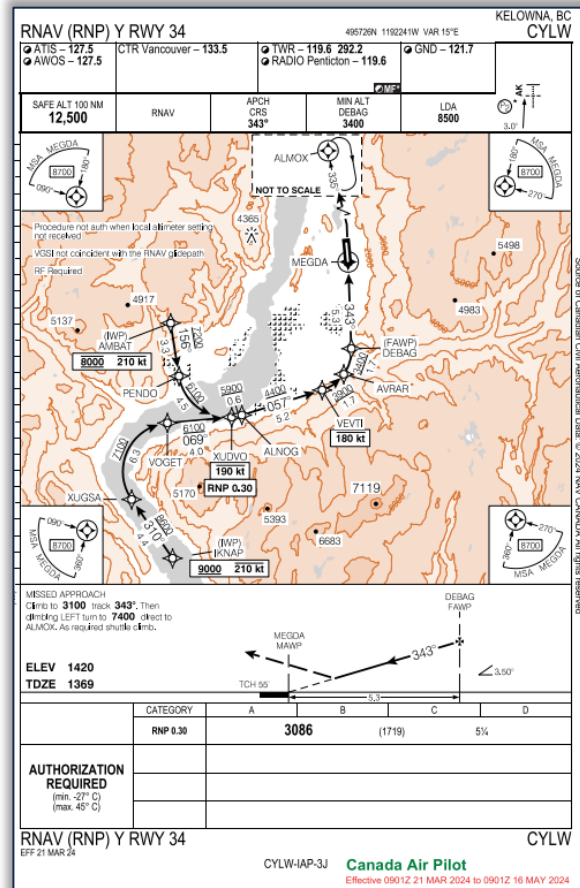


YLV Kelowna
International
Airport

New Aircraft Approach RNP (.30) RWY 34

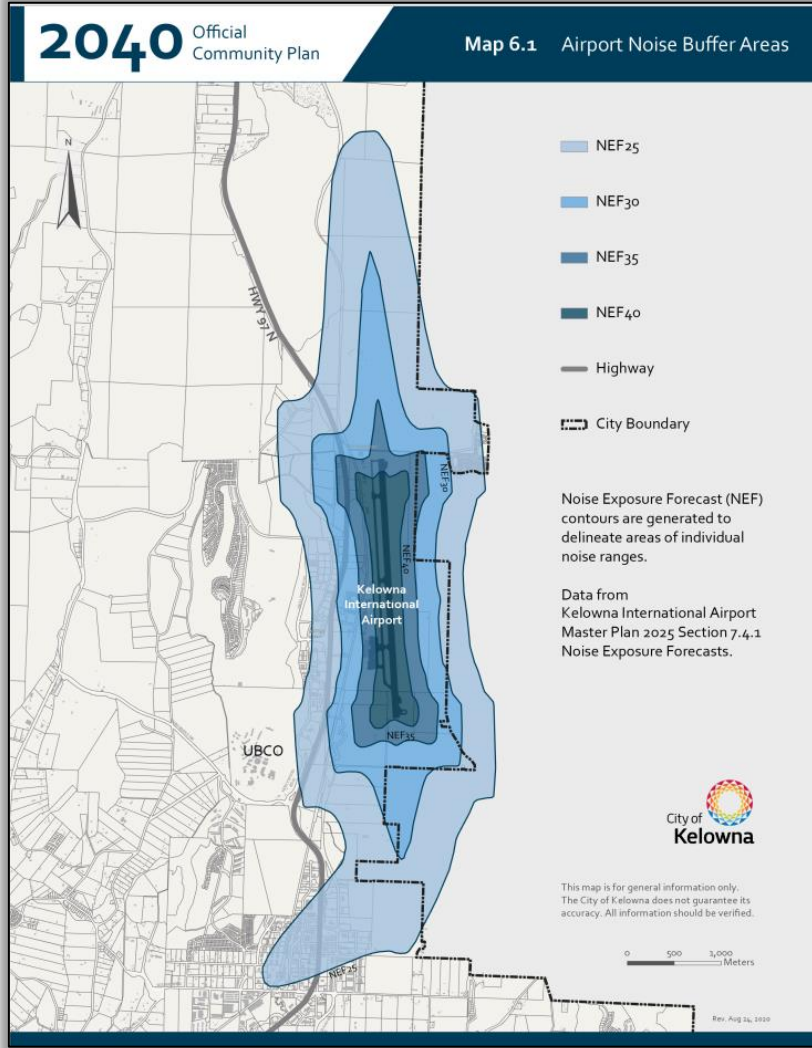
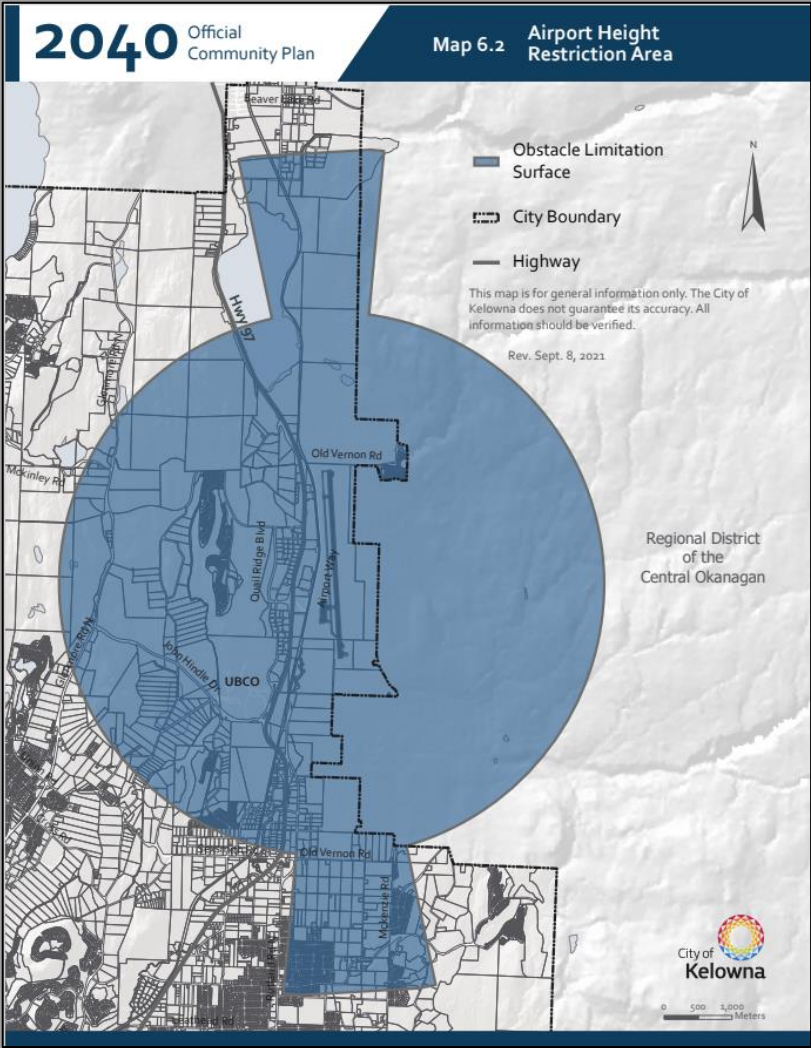
Foundation - Optimize runway capacity and the surrounding airspace

COMPLETED



Official Community Plan

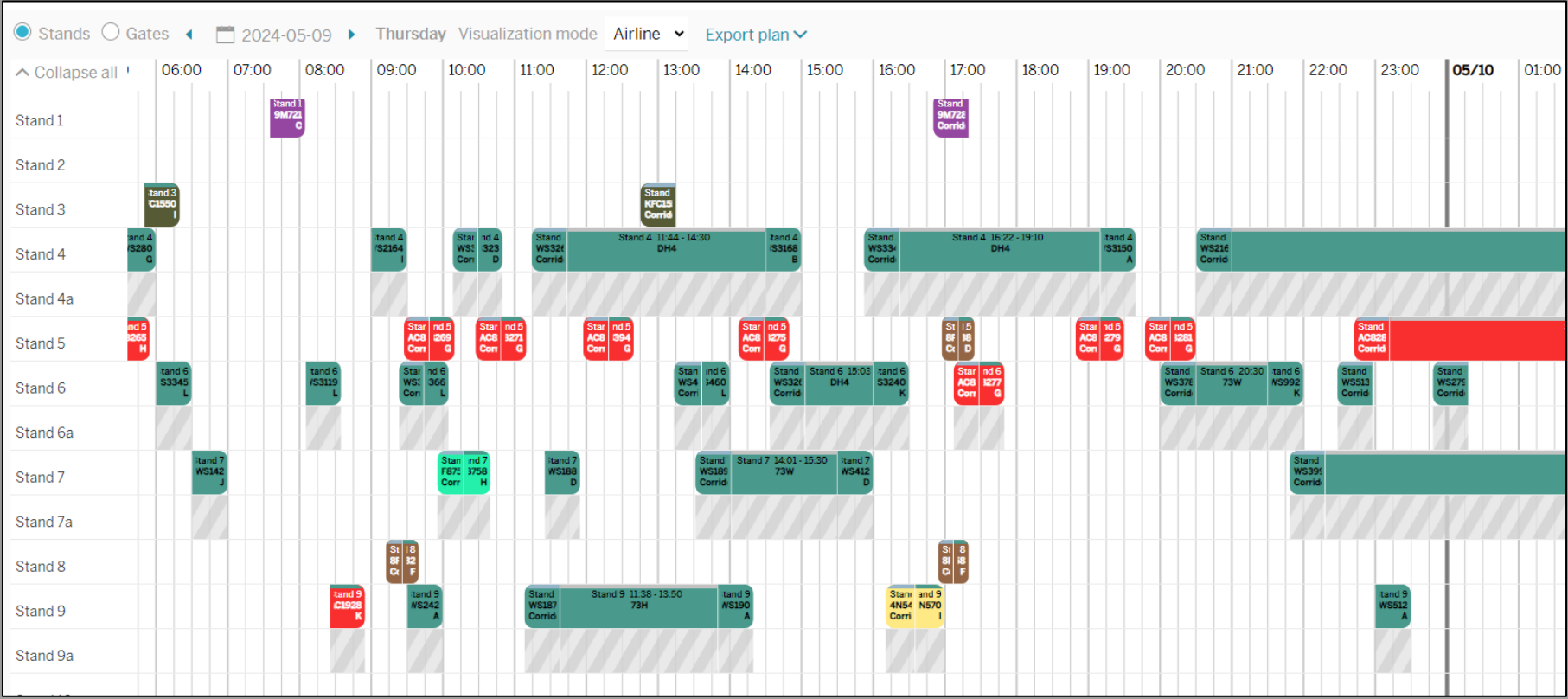
COMPLETED



Aircraft Gate Optimization

Foundation - Maximize & optimize efficiency of existing facility

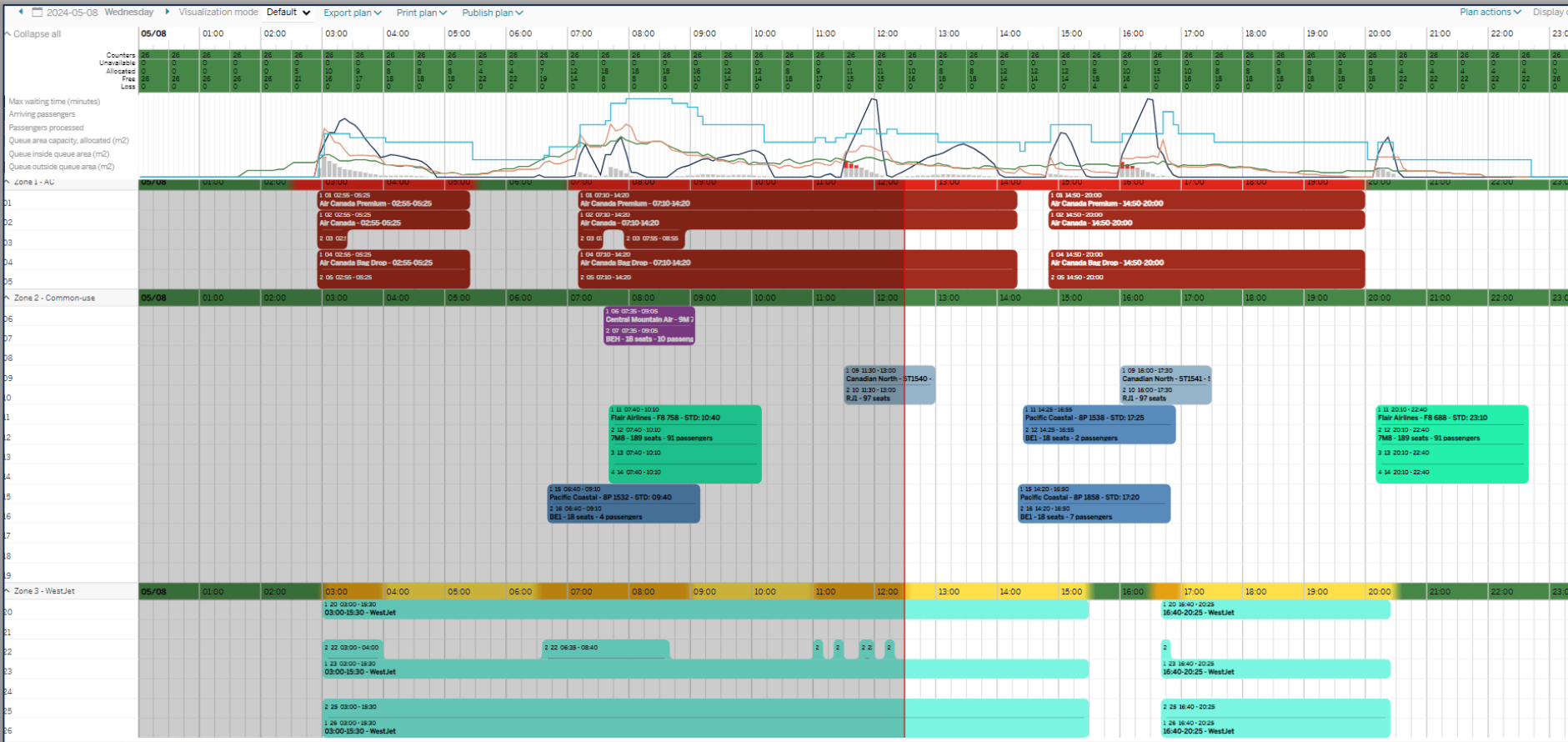
COMPLETED



Check in counter Optimization

Foundation - Maximize & optimize efficiency of existing facility

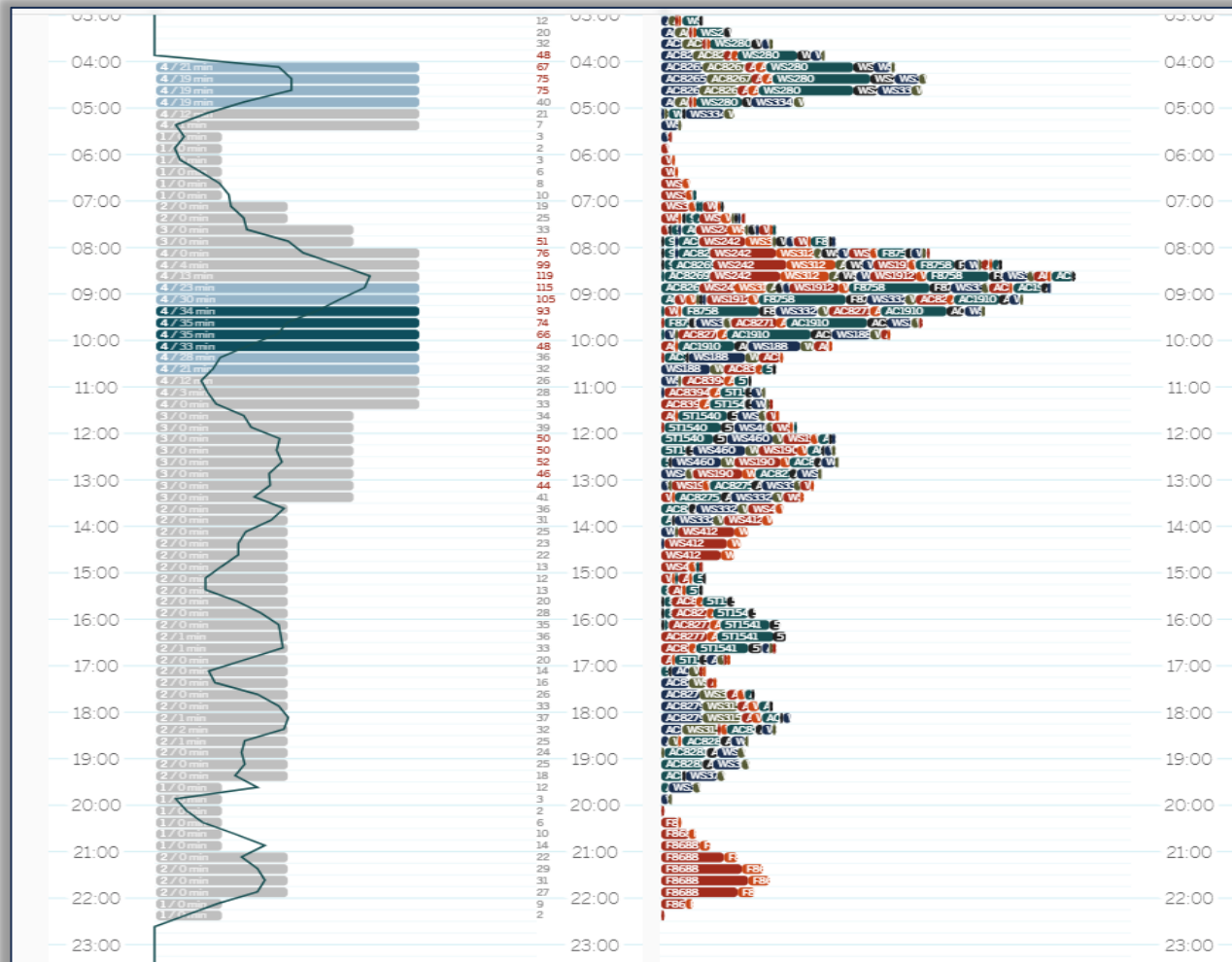
COMPLETED



Pre Board Screening Lane Optimization

Foundation - Maximize & optimize efficiency of existing facility

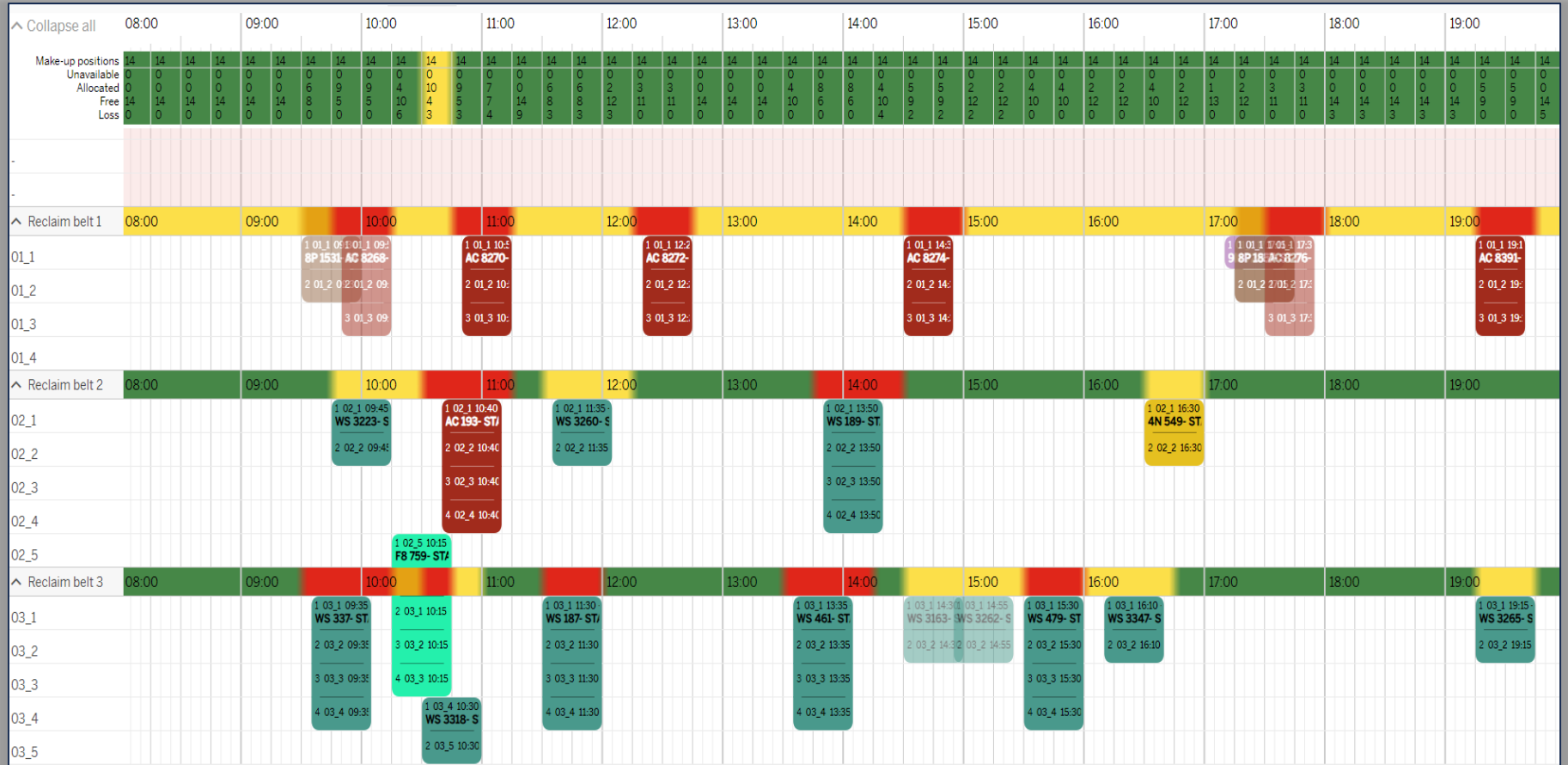
COMPLETED



Baggage Belt Optimization

Foundation - Maximize & optimize efficiency of existing facility

COMPLETED



ReserTrac – Ground Transportation

Foundation - Maximize & optimize efficiency of existing facility

COMPLETED



Virtual queue

Increases efficiencies

Accurate reporting tool

Enhances passenger experience

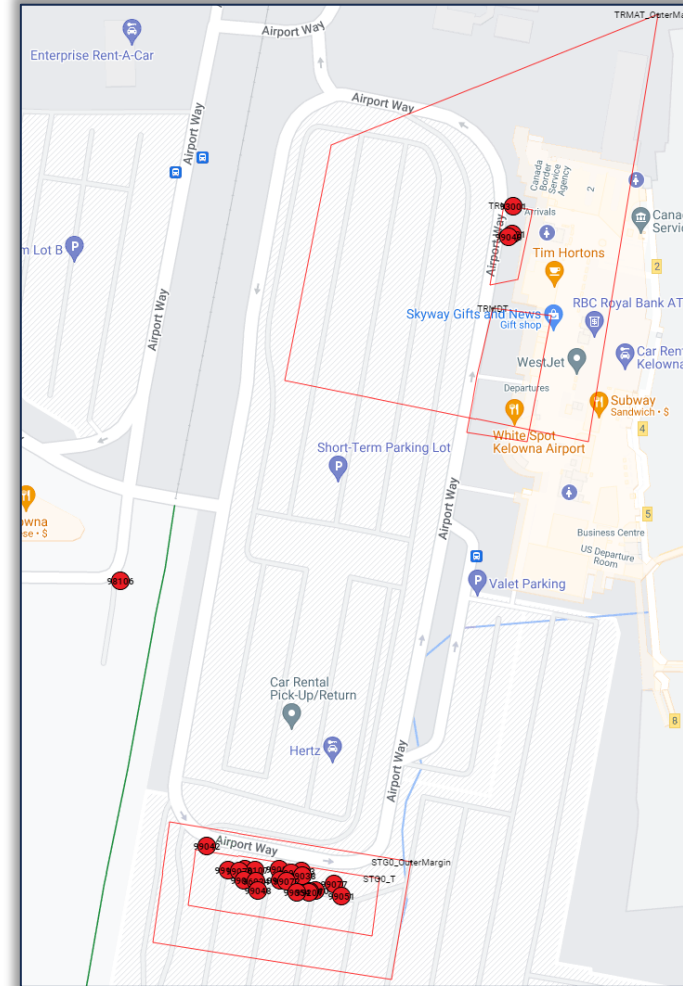
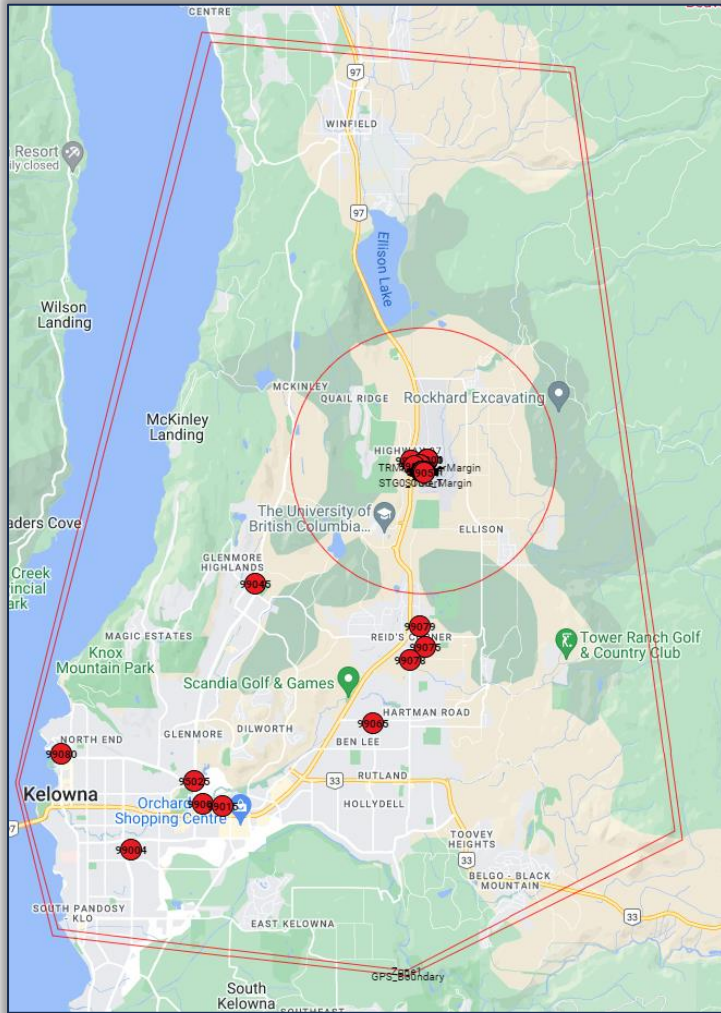
Solves multiple operational challenges

Reduces idling and greenhouse gas emissions

ReserTrac – Ground Transportation

Foundation - Maximize & optimize efficiency of existing facility

COMPLETED



YLV Kelowna International Airport

Electric Conditioned Air

COMPLETED

Foundation - Meet 2030 and 2040 GHG reduction initiatives



Gate Turn Technology

Foundation - Reduce amount of time aircraft are on the ground through optimizing gate turns

IN PROGRESS



Gate Turn Technology

Foundation - Reduce amount of time aircraft are on the ground through optimizing gate turns

IN PROGRESS



Gate Turn Technology

Foundation - Reduce amount of time aircraft are on the ground through optimizing gate turns

IN PROGRESS



Simpleway PA System

Foundation - Enhance passenger experience and reduce travel anxiety

IN PROGRESS



- ▶ Pre-recorded messaging
- ▶ English/French

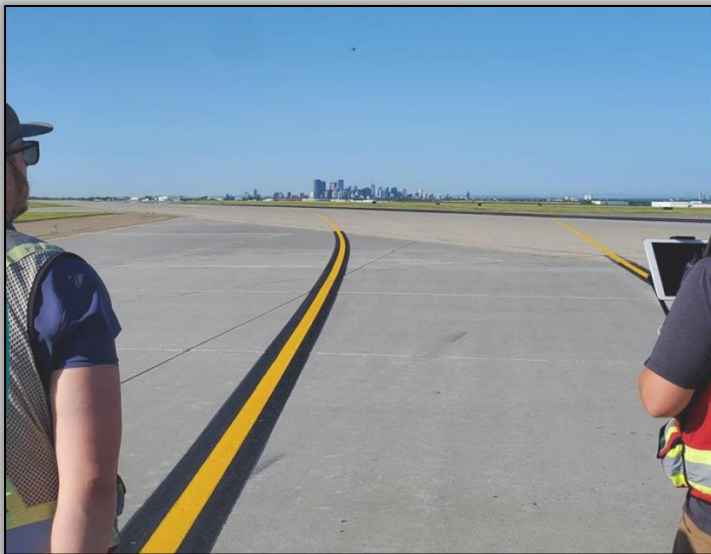
- ▶ PA system and FIDS system integrated
- ▶ Automated CIRIUM data feed



Automated Runway Reporting

Foundation - Optimize runway capacity and the surrounding airspace

IN PROGRESS



- ▶ Increased efficiencies
- ▶ Reallocation of resources

Common Use Upgrades CUSS

Foundation - Enhance passenger experience and reduce travel anxiety

- ▶ Expected award Q3
- ▶ Delivery of 25 new units Q4

IN PROGRESS



Common Use Upgrades CUTE/CUPPS

Foundation - Maximize & optimize efficiency of existing facility

IN PROGRESS

Planned implementation date
Q2 2025



CAT 7 ARFF Response

IN PROGRESS

- ▶ Increase in Aircraft Rescue Fire Fighting Category (Cat 6 → CAT 7)
- ▶ 2025 Delivery



Commercial, Capital Projects & Air Service Overview



Commercial and Capital Projects Overview



Economic Drivers

- ▶ YLW Child Care Facility
- ▶ Airport Infrastructure and Airfield Lighting
- ▶ Combined Operations Building
- ▶ Airport Terminal Building Expansion
- ▶ Airside Pavement Rehabilitation
- ▶ Airport Development Lots
- ▶ Airport Infrastructure - Private Investment
- ▶ Hotel and Parkade

YLW Projects & Investments



Private Investment

- 12 First Truck \$17,000,000
- 13 Hyatt Investment \$7,500,000
- 14 KF Centre for Excellence \$25,000,000
- 15 YLW Hotel \$100,000,000
- 16 YLW Parkade \$55,000,000

Completed

- 1 YLW Childcare Facility \$3,800,000
- 2 Runway End Safety Area \$9,100,000
- 3 Bio Security \$5,400,000
- 4 Terminal Building Roof Replacement \$4,000,000

In Progress

- 5 Airfield Lighting \$8,100,000
- 6 Combined Operations Building \$16,300,000
- 7 Air Terminal Building Expansion \$108,000,000
- 8 Airside Pavement Rehabilitation \$6,400,000

Upcoming

- 9 Aviation Infrastructure Lots
- 10 Airport Way Widening and Intersection Configuration
- 11 Apron Expansion

Child Care Facility

- ▶ Project Investment: \$3,800,000
- ▶ Project Timeline: Fall 2024
- ▶ Project Status: Open and Operational



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

Airfield Lighting Control System

- ▶ Project Investment: \$300,000
- ▶ Project Timeline: Fall 2024
- ▶ Project Status: Procurement and Consultation Stages



- ▶ Interesting Fact: Nav Canada uses this system to control the various airfield lighting systems at YLW. They are controlled from YLW Control Tower and remotely from YYF (Penticton) Flight Service Station when the control tower closes for the night.

Airfield Lighting & Supporting Infrastructure

- ▶ Project Investment: \$8,100,000
- ▶ Project Timeline: Fall 2025
- ▶ Project Status: Consultation Stage



- ▶ Interesting Fact: The various airfield lighting systems are well over 20 years old and are reaching their end of life. This project will upgrade all airfield lighting systems at YLW to the most advanced systems available.

Combined Operations Building

- ▶ Project Investment: \$16,300,000
- ▶ Project Timeline: Completed late 2025
- ▶ Project Status: In Construction



- ▶ Interesting Fact: 50% funded by Transport Canada under the Airport Critical Infrastructure Program under grants secured during COVID 19.

Air Terminal Building Expansion

- ▶ Project Investment: \$108,000,000
- ▶ Project Timeline: Completed late 2026
- ▶ Project Status: In Construction



- ▶ Interesting Fact: Fully funded, designed, value engineered, and project managed by YLW.

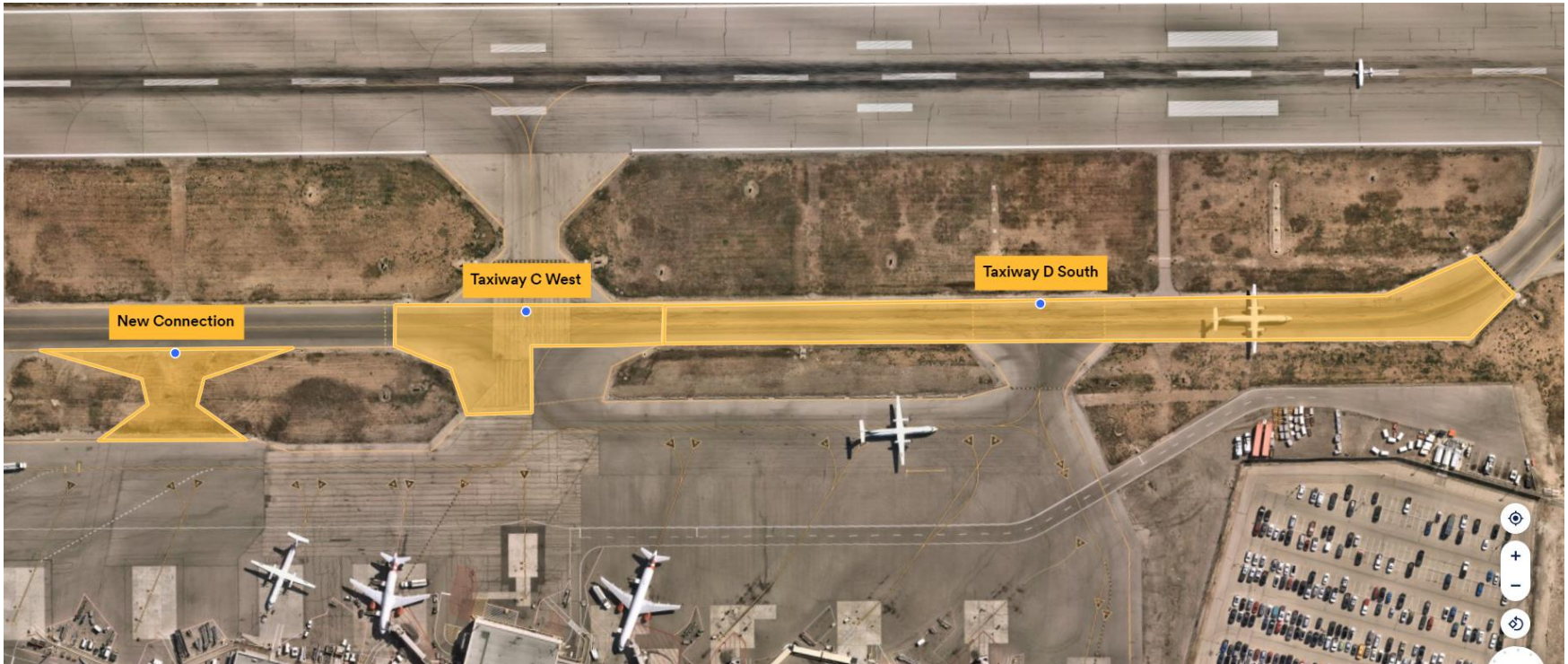
Air Terminal Building Expansion

May - Present Progress



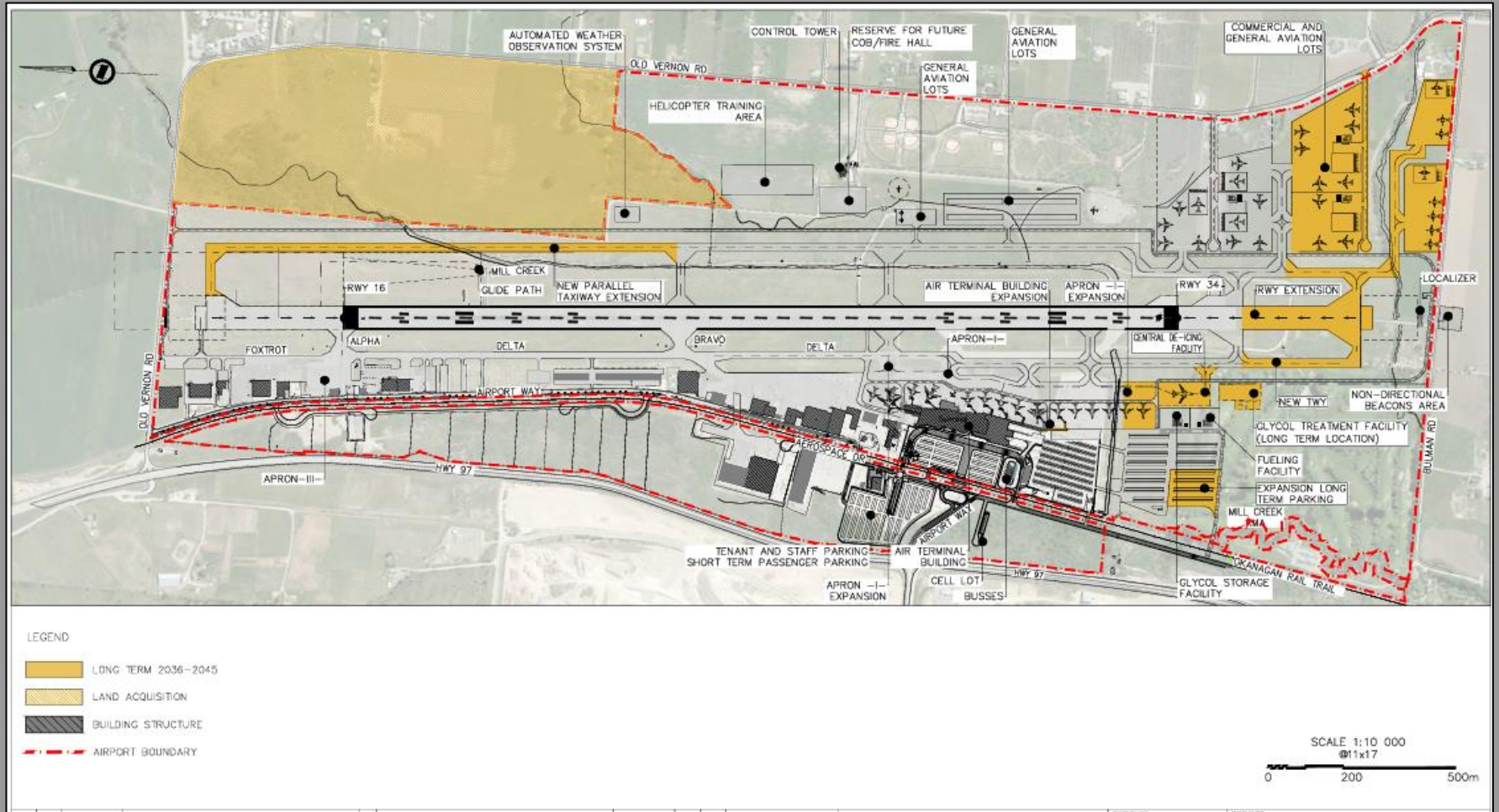
Airside Pavement Rehabilitation

- ▶ Project Investment \$6,400,000
- ▶ Project Timeline: Fall 2024
- ▶ Project Status: In Construction



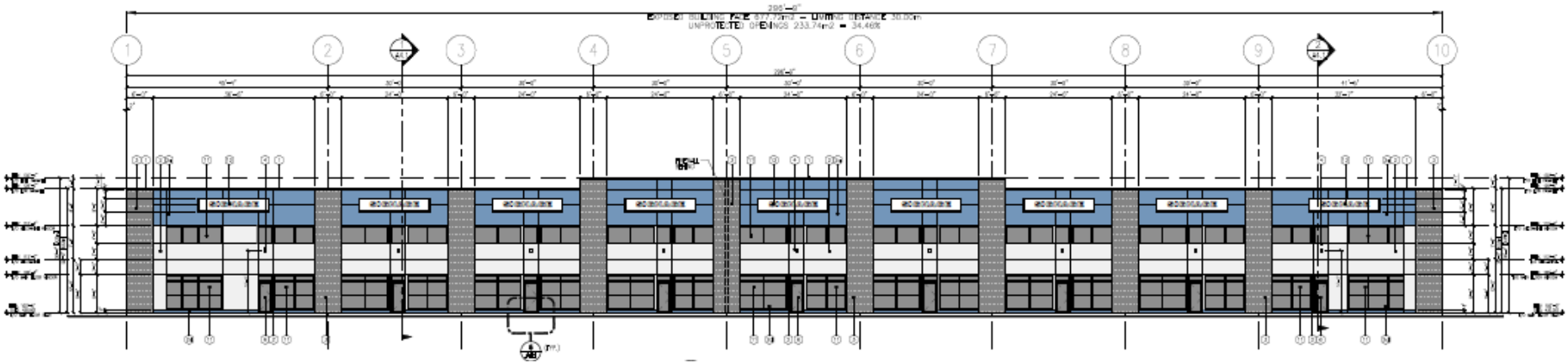
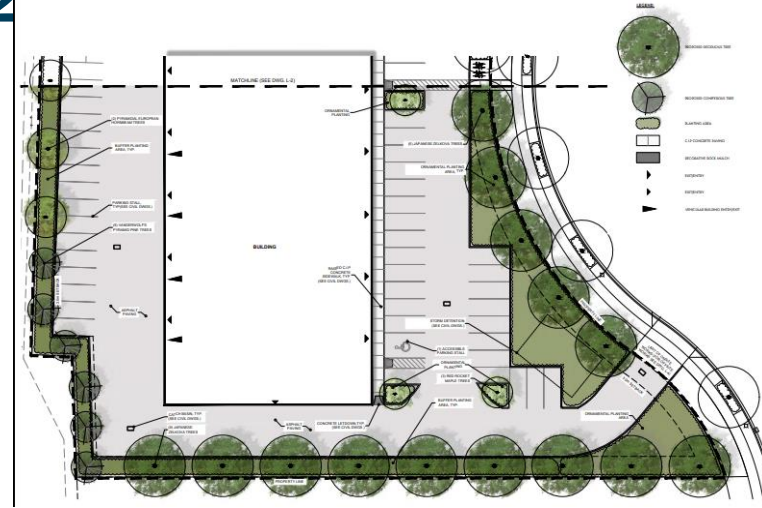
- ▶ Interesting Fact: Once completed, it will allow YLW to maintain at least two routes on/off Apron I during the construction of the western portion of Taxiway C.

Airport Development Lots



Hyatt Group – Lot 2

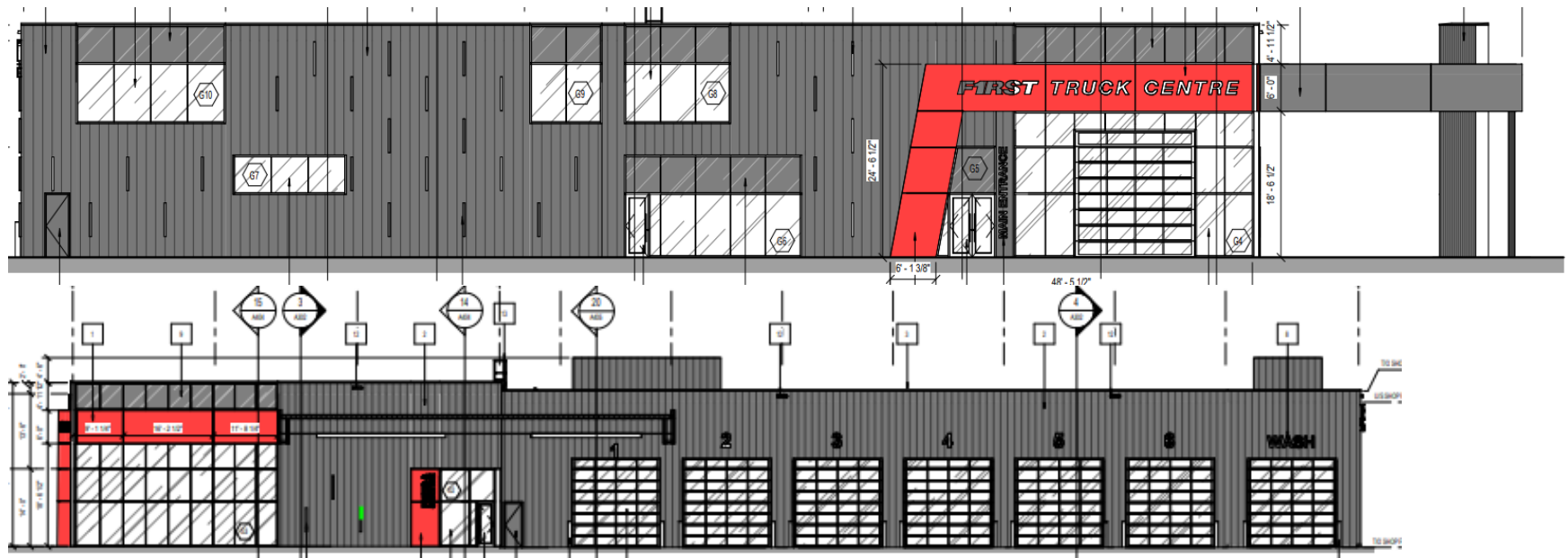
- ▶ Project Investment: \$4,000,000
- ▶ Project Timeline: Late Summer 2024
- ▶ Project Status: In construction



- ▶ Interesting Fact: 38,000 sq.ft. Industrial Warehouse with nine bays.

Velocity Truck Centre – Lot 1

- ▶ Project Investment: \$13,500,000
- ▶ Project Timeline: Complete late 2024
- ▶ Project Status: In Construction



- ▶ Interesting Fact: Service and sales with 19 service bays, focussed on zero emission trucks including hydrogen compressed natural gas (HCNG).

YLW Hotel

- ▶ Project Investment: \$100,000,000
- ▶ Project Timeline: 2025-2027
- ▶ Project Status: Planning Approvals



- ▶ Interesting Fact: This will be Kelowna's first five star hotel.

YLV Parkade

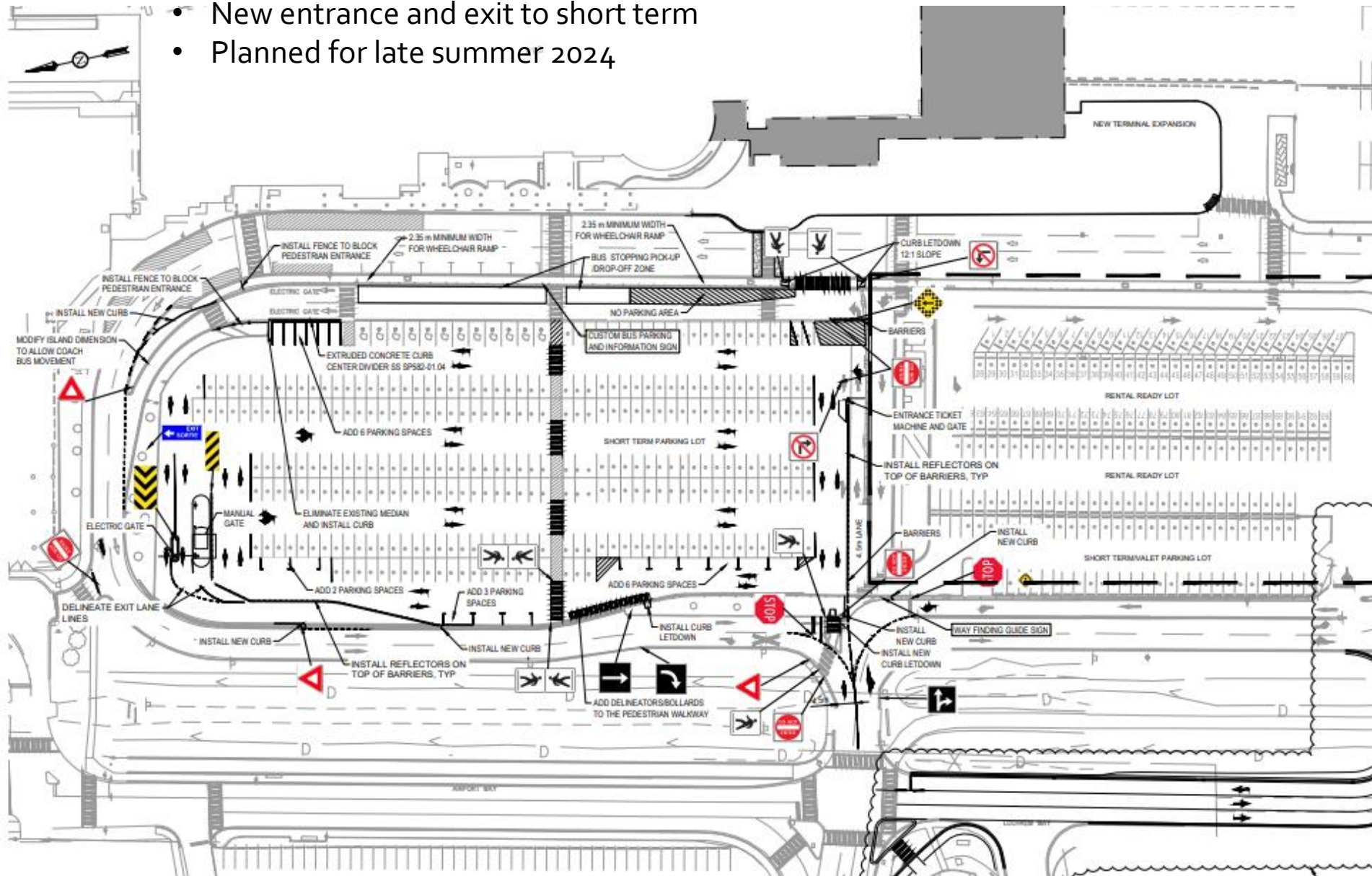
- ▶ Project Investment: \$55,000,000
- ▶ Project Timeline: 2025-2027
- ▶ Project Status: Planning Approvals



- ▶ Interesting Fact: The 1,100-stall parkade provides multi storey parking that reduces YLV's land requirement footprint.

Parking Lot Reconfiguration

- New entrance and exit to short term
- Planned for late summer 2024





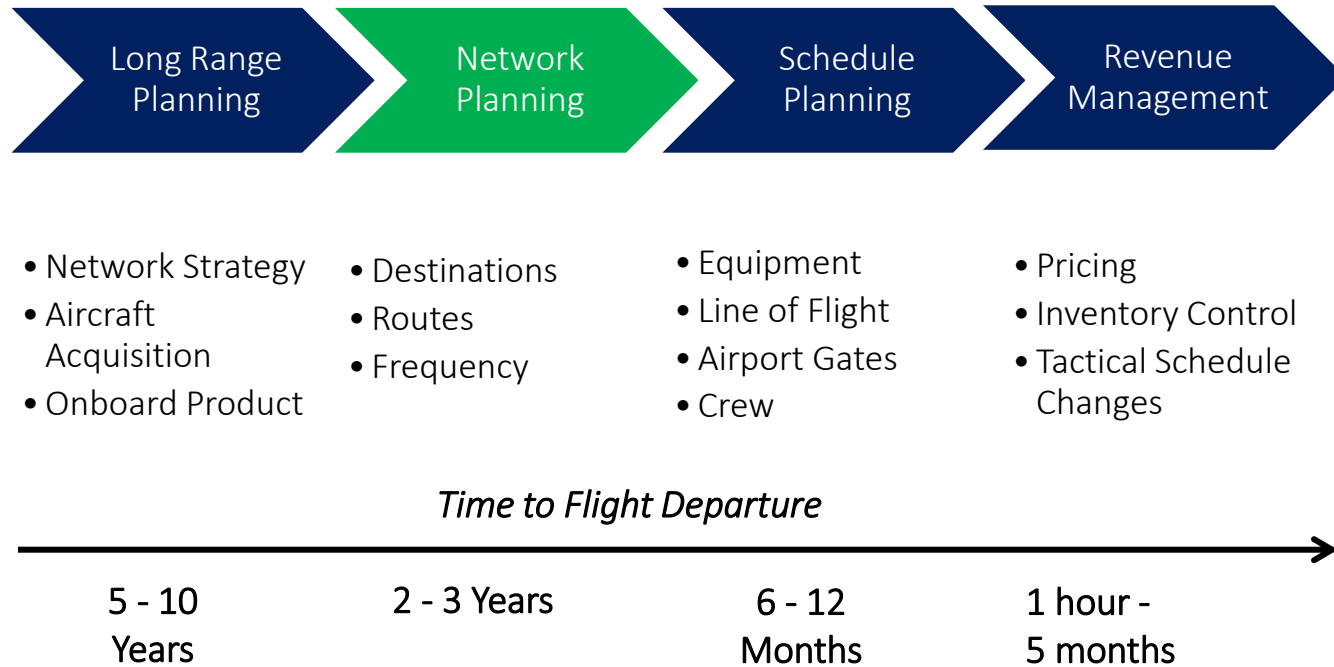
Y L W

Kelowna International Airport

Air Service Development Overview



Airlines work on planning cycles

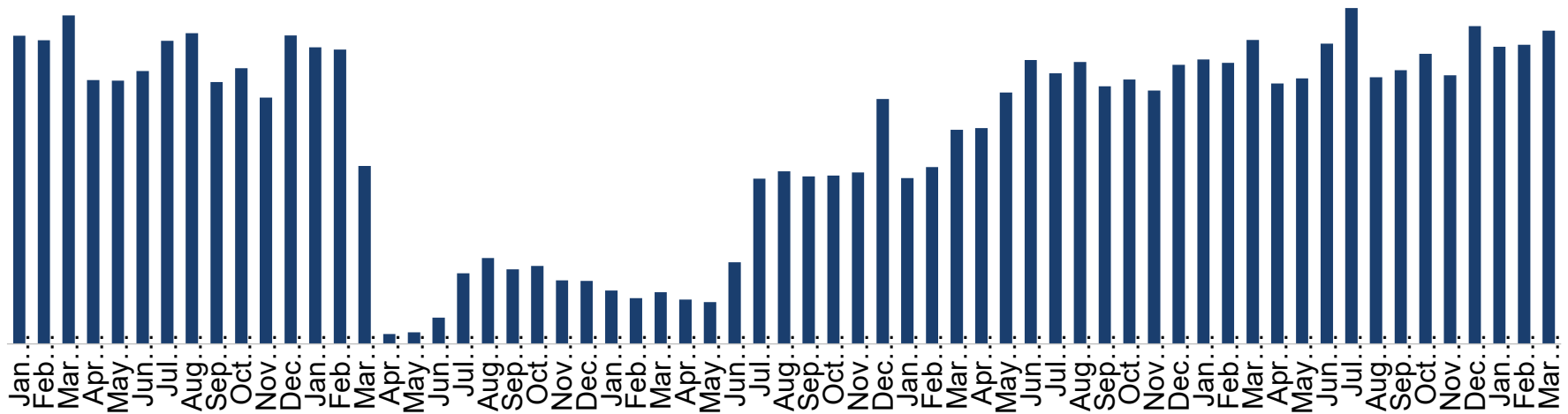


Passenger traffic continues to be strong at YLW

YLW Passenger Traffic by Month
Total Enplaned & Deplaned Passengers

101%

Passengers Recovered
(12 Months Ended Mar 2024 vs. Calendar Year 2019)



Source: Kelowna International Airport

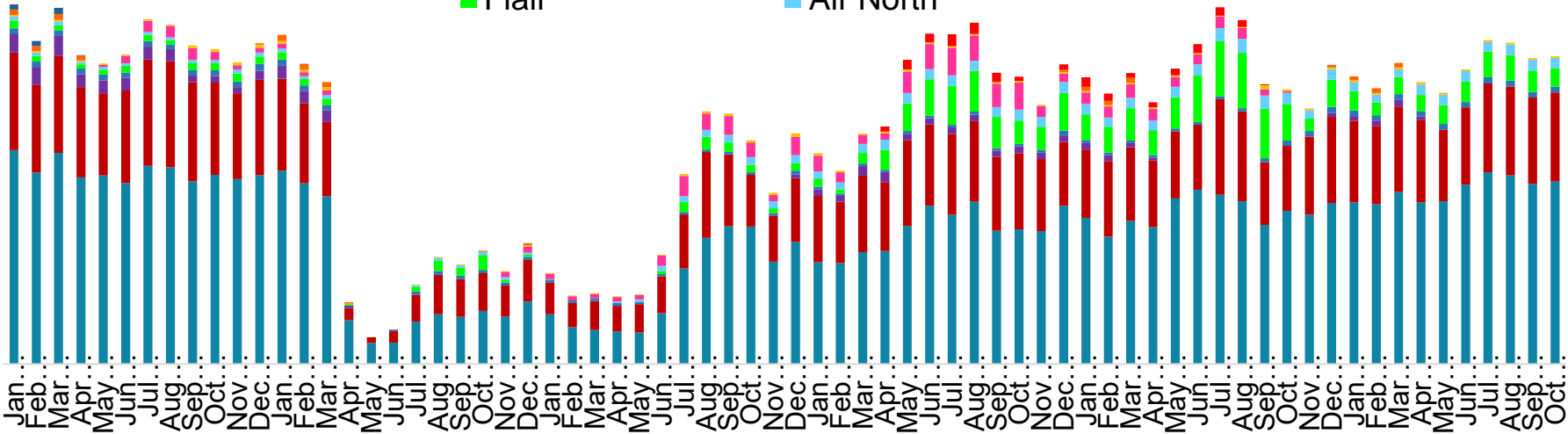


However, overall seat capacity is lagging demand

YLW Seats by Airline
Both Directions

- WestJet
- Air Canada
- Alaska
- Pacific Coastal
- Flair
- Air North

91%
Seats Recovered
(12 Months Ended Feb 2024 vs. CY2019)

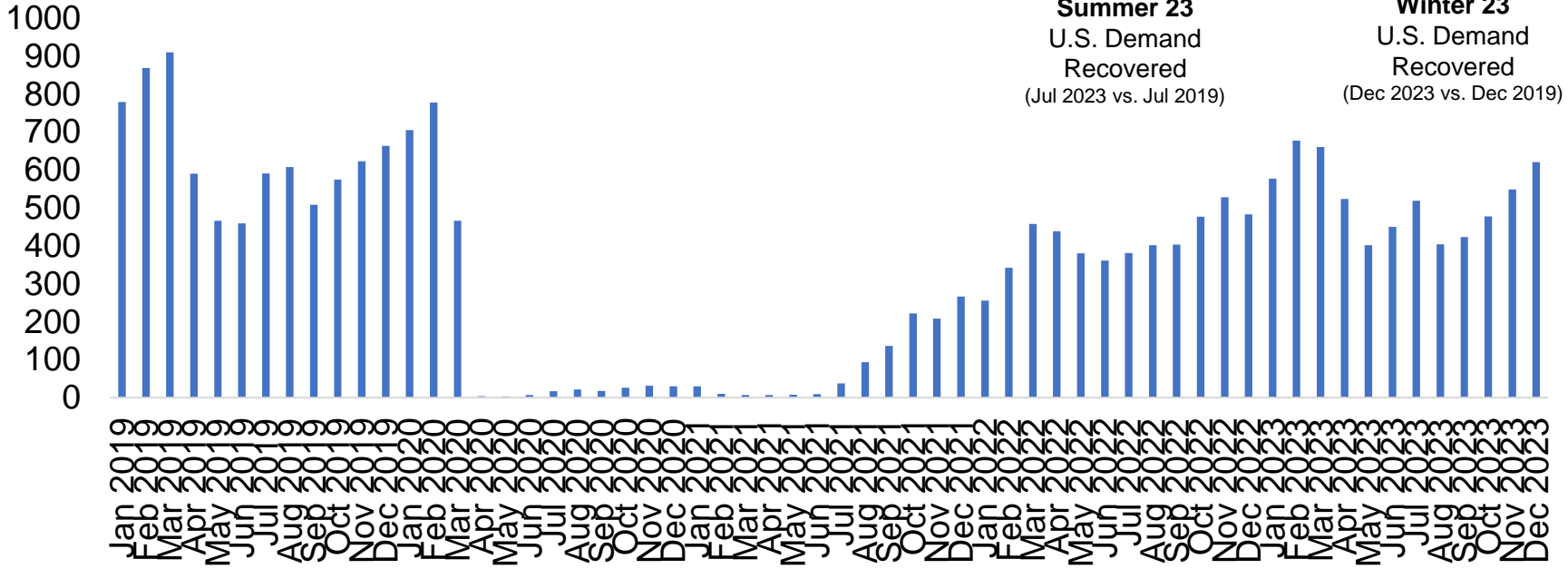


Source: Innovata Schedules via Diio, as of Feb 2024.



Transborder market demand is almost fully recovered

Kelowna – U.S. Demand (Full Market Sizes)
 Passengers Daily Each Way (PDEW), Jan 2019 – Dec 2023



88% → **94%**

Summer 23
 U.S. Demand Recovered
 (Jul 2023 vs. Jul 2019)

Winter 23
 U.S. Demand Recovered
 (Dec 2023 vs. Dec 2019)

Source: Sabre MIDT Global Demand Database (GDD) as of Jan 2024 & InterVISTAS Leakage Study



YLW Kelowna 2024 Air Service Overview



2.03M

Passengers
(CY2023)



101%

Passengers Recovered
(TTM Mar 24 vs CY2019)



#10

Busiest airport
In Canada
(2019, 2023*)

*estimate



YLW Kelowna
International
Airport

Air Service Update Air Canada



Capacity share (2024):

2...

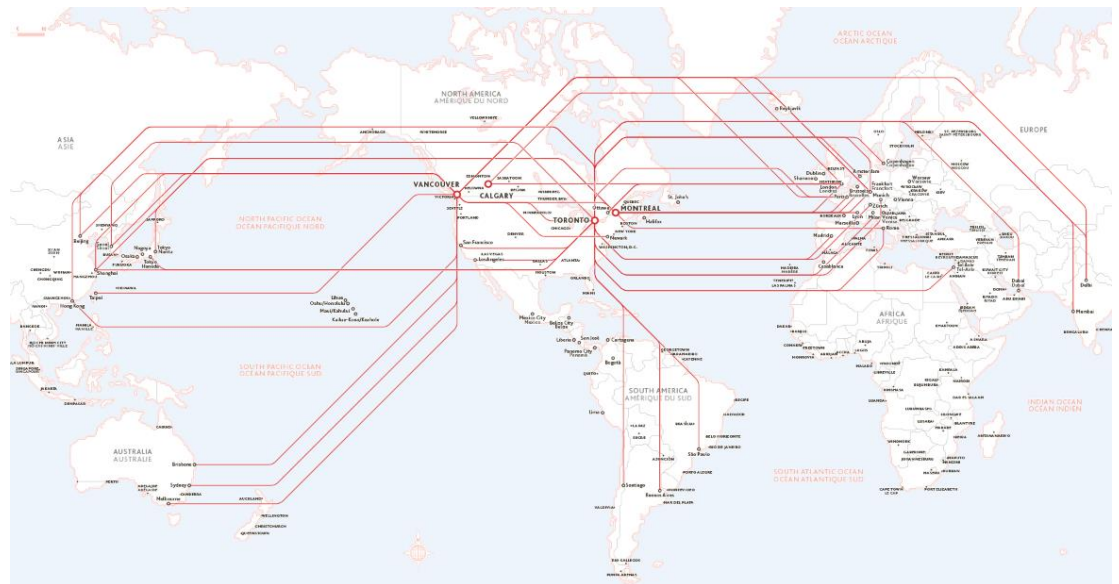
Routes (2024):

YYZ (hub), YUL (hub),
YVR (hub), YYC (focus city)

Aircraft (2024):

Regional turboprop,
narrow-body jet

- Focused on building global hubs – YYZ, YUL, and YVR.
- Adding capacity from YYZ and YVR to YLW with additional frequency and larger aircraft/
- Recently added:
 - Singapore-YVR
 - Madrid-YUL



Source: Innovata schedules, as of Apr 2024. * Summer only.



Air Service Update WestJet



Capacity share (2024):



Routes (2024):

YYC (hub), YVR (hub light), YEG, YYJ, YYZ, YWG*, YQR*, YXE*, LAS, PHX, CUN, PVR, SJD

Aircraft (2024):

Regional turboprop, narrow-body jet

Returning to its roots – a Western leisure focused airline.

- YLW fits well with strategy and continues to perform well.
- Continuing to build up international network at YYC and YVR.
- 6/day YYC-YLW and 7/day YVR-YLW facilitate good connectivity.
- Swoop brand is gone and YYZ converted to WestJet mainline.

WestJet US and long-haul service at YYC and YVR.

- Atlanta
- Austin
- Barcelona
- Boston
- Chicago–O'Hare
- Denver
- Detroit
- Dublin
- Edinburgh
- Honolulu
- Houston–Intercontinental
- Kahului
- Kailua-Kona
- Las Vegas
- London–Heathrow
- Los Angeles
- Nashville
- New York–JFK
- Orange County
- Orlando
- Palm Springs
- Paris–Charles de Gaulle
- Phoenix–Sky Harbor
- Portland
- Reykjavík–Keflavík
- Rome–Fiumicino
- San Diego
- San Francisco
- Seattle
- Seattle/Tacoma
- Seoul–Incheon
- Tampa
- Tokyo–Narita
- Washington–Dulles

Source: Innovata schedules, as of Apr 2024. * Summer only.



Air Service Update Alaska



Capacity share (2024):



Routes (2024):

SEA (hub)

Aircraft (2024):

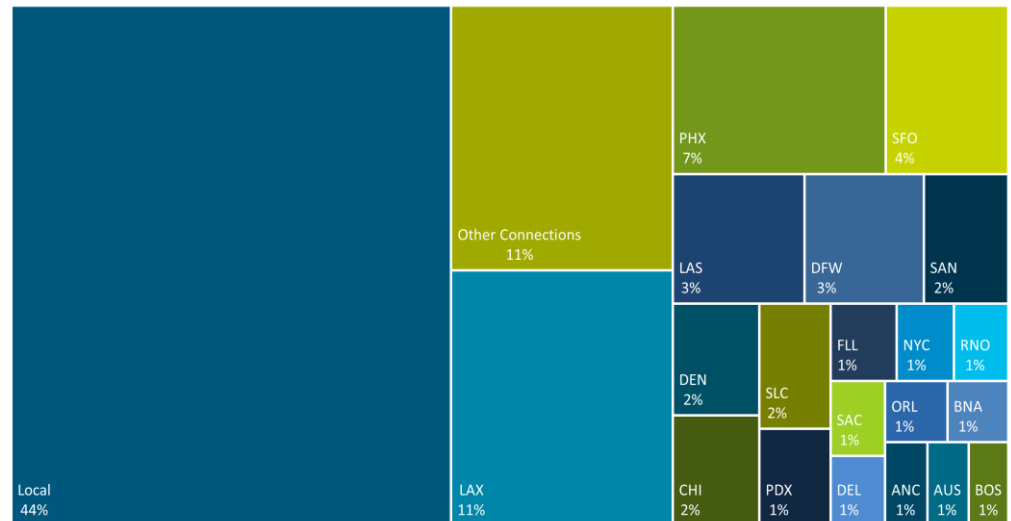
Regional jet

Not offering service in summer 2024 but returning for winter 2024/25.

- We are working with Alaska to get service reinstated for summer and improved for winter.
- Alaska indicate that YLW performed well, and will consider adding more frequency for winter.
- SEA hub offers global connectivity via Alaska membership in oneworld alliance.



Alaska Airlines YLW-SEA Onboard Passenger Composition
Share of Onboards Passengers by Market, Winter 2022/23 (Nov-Mar)



Source: Innovata schedules, as of Apr 2024. * Summer only.



Strategically focused on areas with the greatest impact

Priority	Market Segment	Target Markets	Rationale
1	Transborder	<ul style="list-style-type: none"> Western / Central US hub service Point-to-point large markets 	<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"> Improved hub connectivity Point-to-point secondary markets 	<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"> Additional sun options 	<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"> Unserved point-to-point business and leisure markets 	<ul style="list-style-type: none"> Relatively well served Smaller markets with less impact compared to other segments



Y.L.W.

Kelowna International Airport

Financial Overview



Financial Overview

2023 Statement of Financial Position

	Actual 2023	Actual 2022
		(Restated - Note 3)
Financial Assets		
Cash and cash equivalents	\$ 7,131	\$ 5,215
Accounts receivable	5,810	11,426
Portfolio investments (Note 4)	55,731	38,540
	<u>68,672</u>	<u>55,181</u>
Liabilities		
Accounts payable and accrued liabilities	11,698	5,951
Performance deposits	996	929
Deferred revenue	128	525
Long term payable (Note 5)	44	393
Debenture debt (Note 6)	7,373	9,675
Asset retirement obligations (Note 7)	542	422
	<u>20,781</u>	<u>17,895</u>
Net Financial Assets	<u>47,891</u>	<u>37,286</u>
Non-Financial Assets		
Prepaid expenses	241	226
Inventory	437	328
Work in progress (Note 8)	23,463	13,075
Tangible capital assets (Note 9)	153,716	147,729
	<u>177,857</u>	<u>161,358</u>
Accumulated Surplus	<u>225,748</u>	<u>198,644</u>
Accumulated surplus is comprised of		
Accumulated surplus (Note 10)	223,602	198,644
Accumulated remeasurement gains	2,146	-
Accumulated Surplus, end of year	<u>\$ 225,748</u>	<u>\$ 198,644</u>



Financial Overview

2023 Statement of Operations and Accumulated Surplus

	Budget 2023	Actual 2023	Actual 2022
			(Restated - Note 3)
Revenue			
Sale of services (Note 14)	\$ 26,049	\$ 25,188	\$ 22,642
Interest earned	132	1,917	1,010
Government transfers (Note 15)	11,922	5,178	7,784
Actuarial increase	-	404	332
	<u>38,103</u>	<u>32,687</u>	<u>31,768</u>
Airport improvement fee (Note 13)	<u>24,406</u>	<u>22,892</u>	<u>19,432</u>
	<u>62,509</u>	<u>55,579</u>	<u>51,200</u>
Expenses (Note 16)			
Administration	5,977	4,960	4,246
Interest	584	584	584
Terminal operations	5,973	7,661	6,330
Airport improvement fee	-	6,041	5,499
Airport policing	230	230	183
Groundside operations	5,117	5,792	4,799
Airside operations	4,529	5,140	4,741
Write-down of tangible capital assets	-	213	38
	<u>22,410</u>	<u>30,621</u>	<u>26,420</u>
Annual Surplus	<u>\$ 40,099</u>	<u>24,958</u>	<u>24,780</u>
Accumulated surplus, beginning of year		<u>198,644</u>	<u>173,864</u>
Accumulated surplus, end of year		<u>\$ 223,602</u>	<u>\$ 198,644</u>



Financial Overview

2023 Statement of Cash Flows

	<u>Actual 2023</u>	<u>Actual 2022</u>
		(Restated - Note 3)
Net inflow (outflow) of cash and cash equivalents related to the following activities:		
Operating		
Annual surplus	\$ 24,958	\$ 24,780
Adjustment for non-cash items		
Amortization of tangible capital assets	8,864	8,162
Accretion on asset retirement obligation	20	20
Actuarial adjustment on debenture debt	(404)	(332)
Writedown of tangible capital assets	213	38
Unrealized gains on portfolio investments	2,146	-
(Increase) decrease in assets		
Accounts receivable	5,616	(4,821)
Inventory and prepaid expenses	(124)	30
(Decrease) increase in liabilities		
Accounts payable and accrued liabilities	5,747	3,526
Performance deposits	67	711
Deferred revenue	(397)	90
	<u>46,706</u>	<u>32,204</u>
Capital		
Acquisition of tangible capital assets	<u>(25,352)</u>	<u>(19,588)</u>
Investing		
Change in portfolio investments	<u>(17,191)</u>	<u>(10,143)</u>
Financing		
Decrease in long term payable	(349)	(350)
Repayment of debenture debt	(1,898)	(1,897)
	<u>(2,247)</u>	<u>(2,247)</u>
Net increase in cash and cash equivalents	<u>1,916</u>	<u>226</u>
Cash and cash equivalents, beginning of year	<u>5,215</u>	<u>4,989</u>
Cash and cash equivalents, end of year	<u>\$ 7,131</u>	<u>\$ 5,215</u>



Kelowna International Airport

Recommendations



Recommendations

- ▶ THAT the Airport Advisory Committee receive, for information, the report from Kelowna International Airport, presented on May 29, 2024.

Questions?

For more information, visit ylw.kelowna.ca.



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