

Airport Advisory Committee Meeting

October 3, 2024



Agenda

- ▶ Welcome and Introductions - Chair, Mayor Tom Dyas 9:00-9:05
- ▶ Approval of Minutes - Chair, Mayor Tom Dyas 9:05-9:10
- ▶ Opening Remarks - Sam Samaddar 9:10-9:20
- ▶ Airport Next Survey Results - Geoff Ritchie 9:20-10:05
- ▶ Air Service Development Update - Geoff Ritchie 10:05-10:40
- ▶ Capital Projects Update - Geoff Ritchie 10:40-11:10
- ▶ Financial Overview & Recommendations - Shayne Dyrdal 11:10-11:40
- ▶ Questions & Wrap Up 11:40-12:00
- ▶ Termination of Meeting 12:00



Y^LW

Kelowna International Airport

Opening Remarks





Y^LW

Kelowna International Airport

Airport NEXT Survey Results



AirportNEXT

AirportNEXT is a new, dynamic tool for airports to assess and improve stakeholder alignment and support. It is a sentiment-based survey of key stakeholders based on the globally successful DestinationNEXT program.

- The survey is organized into two independent critical success factors: **Infrastructure & Facilities**, and **Stakeholder Alignment**. Both consists of 6 variables, for 12 variables total. These variables each contain from 4 to 12 statements, totaling 80 statements in the survey.
- The final result of the AirportNEXT assessment is a **Scenario Model**, which maps the two critical success factors, allocates each airport into one of four possible scenarios: **AIRBORNE**, **TAXIING**, **COASTING**, or **SOARING**.
- Each airport is given their Industry and Tier ranking and the overall AirportNEXT score, which is the sum of the two critical success factors.
- Every survey comes standard with one open-ended question for further remarks from the stakeholders. There is an opportunity for the airports to add up to five additional custom questions at the end of their survey.
- When completing the AirportNEXT assessment over multiple years, a dynamic analysis for the airport is also presented of the scenario model, 12 variables, 80 statement scores, 3 stakeholder groups, and 16 stakeholder categories.
- The overview of the pilot program for YLW will be shared today by Tom Ruth from AirportNEXT, to present results as they relate to YLW.



Air Service Development Update

Air Service Review

Strategic Priorities

Target Markets & Airlines

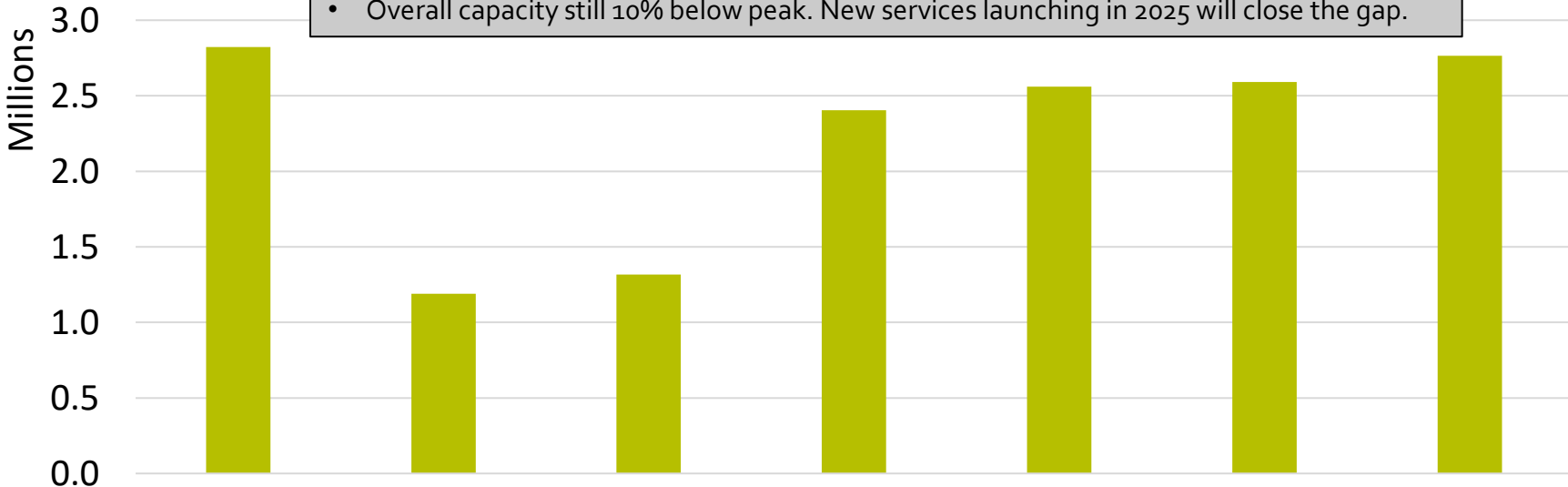
Strategy Implementation



YLW air service rebounded quickly and continues to grow.

YLW Seats – All Sectors

- Passenger demand strong and already exceeding historical peak.
- Overall capacity still 10% below peak. New services launching in 2025 will close the gap.



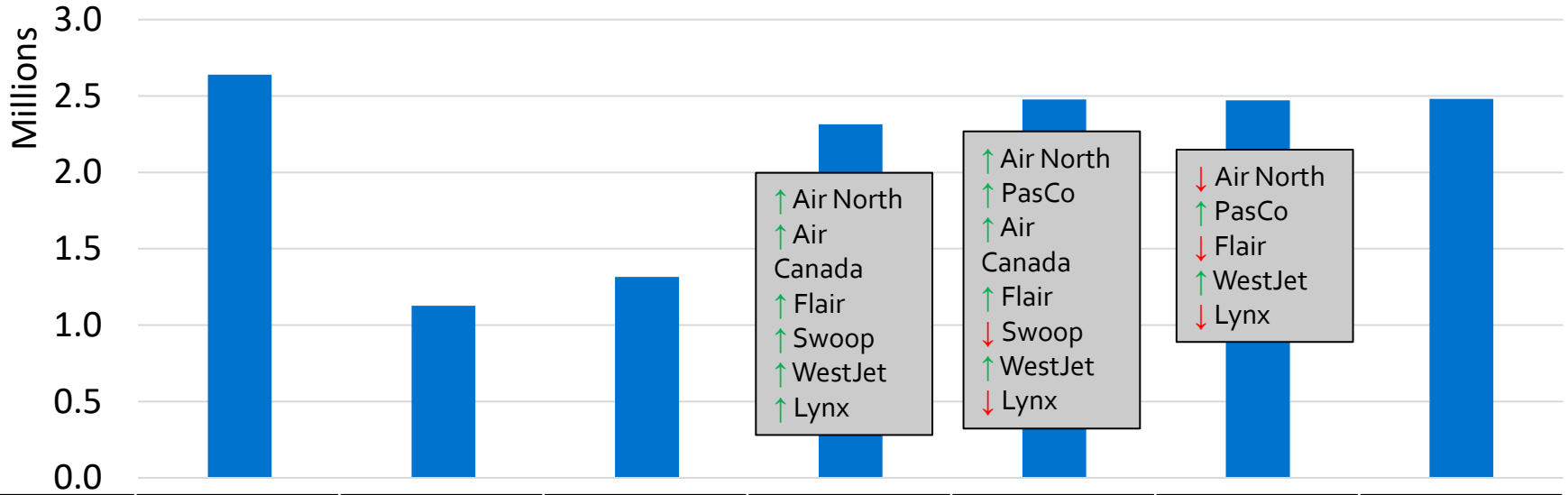
	2019	2020	2021	2022	2023	2024	2025(F)
Flights	34,251	14,226	14,981	25,231	25,064	24,689	27,467
Routes	16	16	16	18	20	20	20
PAX	2,032,019	737,444	829,804	1,718,059	2,032,624	2,142,000(F)	2,337,000(F)

Source: Innovata Schedules, as of Sep 2024.



Domestic capacity provides a stable and strong foundation.

YLW Seats – Domestic

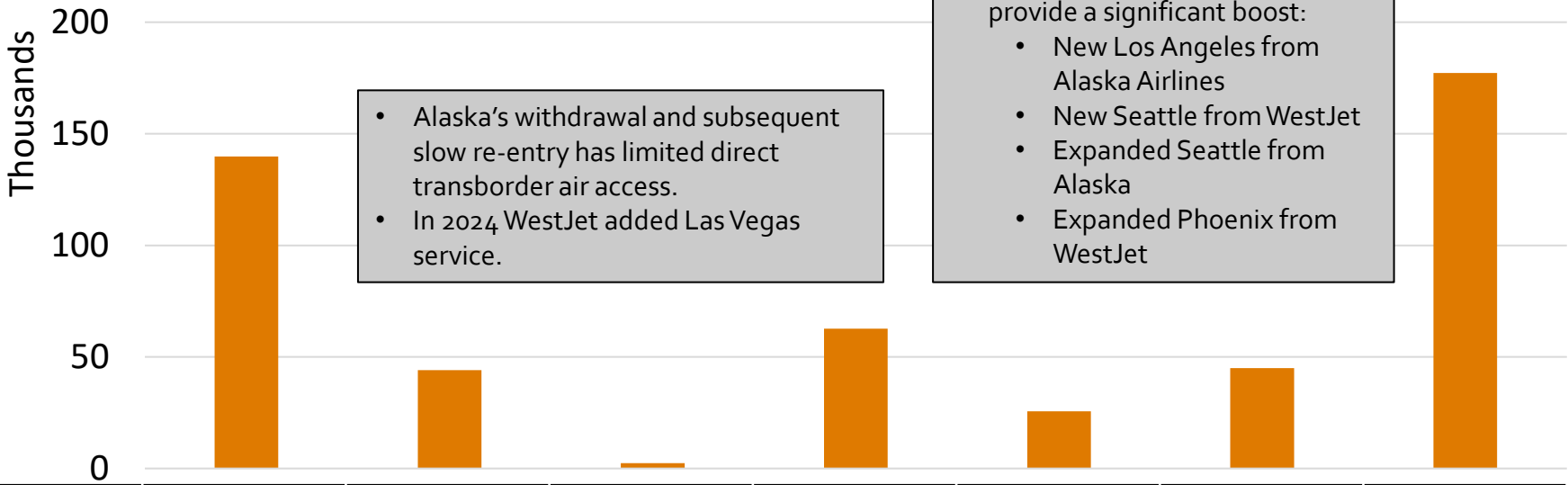


	2019	2020	2021	2022	2023	2024	2025(F)
Flights	32,370	13,629	14,949	24,263	24,461	23,827	24,667
Routes	9	9	15	12	13	13	13

Source: Innovata Schedules, as of Sep 2024.

Transborder was hard hit but will see resurgence in 2025.

YLW Seats – Transborder



- Alaska’s withdrawal and subsequent slow re-entry has limited direct transborder air access.
- In 2024 WestJet added Las Vegas service.

- New service starting in 2025 will provide a significant boost:
 - New Los Angeles from Alaska Airlines
 - New Seattle from WestJet
 - Expanded Seattle from Alaska
 - Expanded Phoenix from WestJet

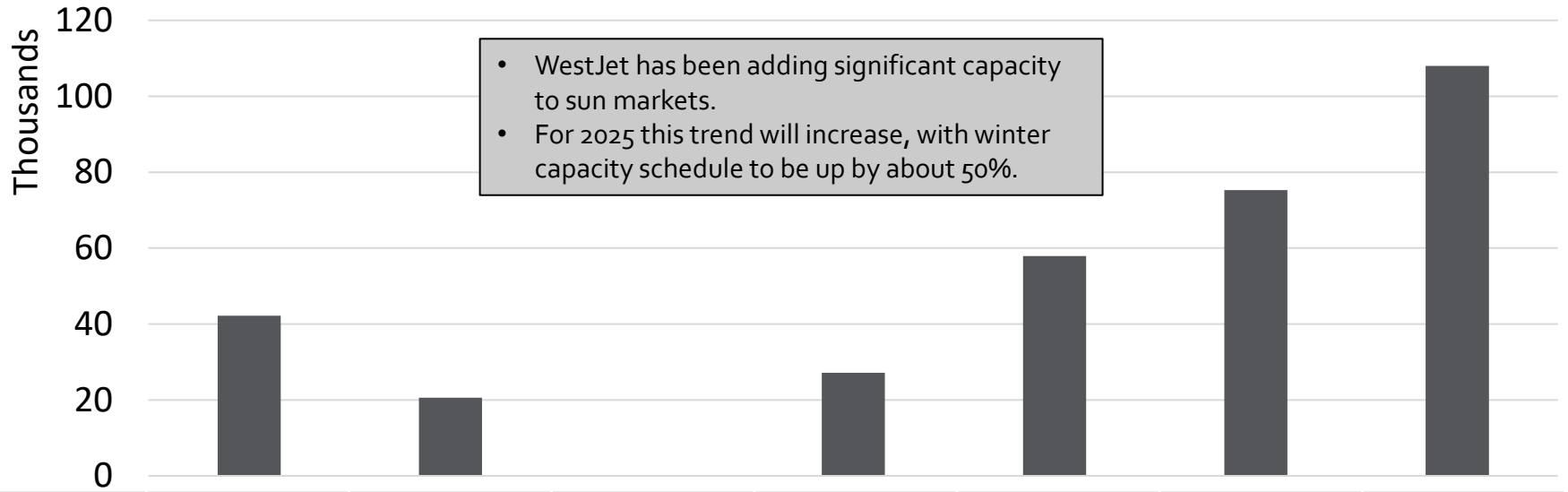
	2019	2020	2021	2022	2023	2024	2025(F)
Flights	1,612	472	32	810	274	402	2,143
Routes	3	3	1	2	3	4	4

Source: Innovata Schedules, as of Sep 2024.



International has been strong and is now fastest growing segment.

YLW Seats – International



	2019	2020	2021	2022	2023	2024	2025(F)
Flights	269	125	-	158	329	460	657
Routes	4	4	-	4	4	4	4

Source: Innovata Schedules, as of Sep 2024.

ASD program is performing well on key metrics.

Air Service Review

2024 VS 2023

+75%

US seat capacity

+5.4%

Passenger traffic*

+30%

International seat capacity

+\$1.2M

Incremental AIF revenue**

* 12 months ended August 2024 vs 12 months ended August 2023.

** Based on net AIF per enplaned passenger of \$23.28.

Air Service Wins

- WESTJET** SEA (new), 7/wk, Jan 2025
- flair airlines** YVR (expanded), 5/wk, Jan 2025
- Alaska** LAX (new), 5-7/wk, Dec 2024
- Alaska** SEA (expanded), 7-14/wk year-round, Dec 2024
- WESTJET** YYZ (expanded), 7/wk summer, 5/wk winter, May 2024/Oct 2024
- WESTJET** All Sun except LAS (expanded), Oct 2024
- Pacific Coastal AIRLINES** YXS (new), 6/wk, Oct 2024
- Pacific Coastal AIRLINES** YQQ (new), 6/wk, Jun 2024
- WESTJET** LAS (new), 2/wk, Dec 2023
- Pacific Coastal AIRLINES** YCD (new), 7/wk, Sep 2023
- AIR CANADA** YYZ (expanded), 2/day, Jul 2023

Domestic & international destinations



11 year-round destinations

10 Seasonal Destinations



ASD focused on areas with greatest impact.

Priority	Market Segment	Rationale
1	Transborder	<ul style="list-style-type: none">• US is a major market for inbound and outbound travel and hold high potential for growth• Despite recent wins, still an imbalance between supply and demand for Central and Eastern US• Securing access to Central hub would improve US and international air access considerably
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

Capital Projects Update



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

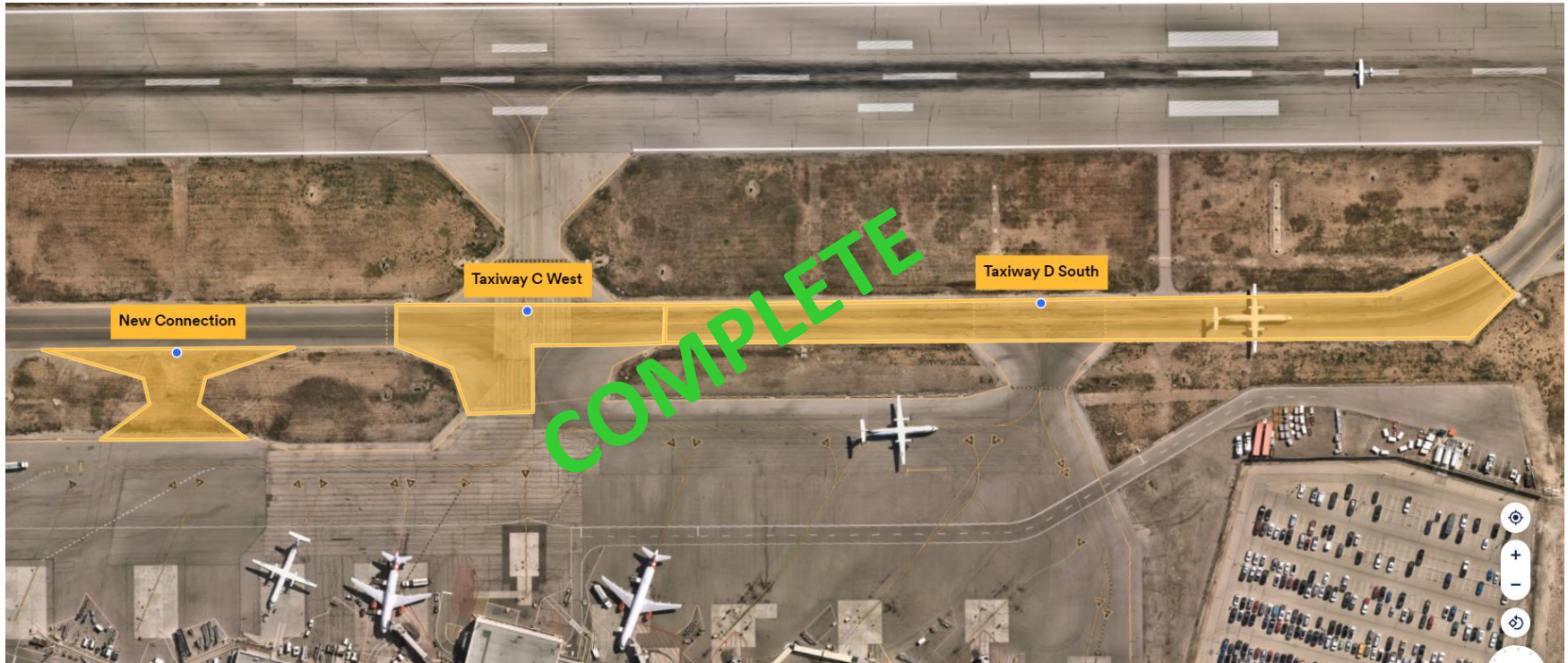
- 5 Airfield Lighting \$8,100,000
- 6 Combined Operations Building \$16,300,000
- 7 Air Terminal Building Expansion \$108,000,000
- 8 Airside Pavement Rehabilitation \$6,400,000

Upcoming

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

Airside Pavement Rehabilitation

- ▶ Project Investment \$6,400,000
- ▶ Project Timeline: Fall 2024
- ▶ Project Status: Substantially Completed



Interesting Fact: Will allow YLW to maintain at least two routes on/off Apron I improving aircraft traffic flow and reducing inbound/outbound delays.

Airfield Lighting Control System

- ▶ Project Investment: \$300,000
- ▶ Project Timeline: Q4 2024
- ▶ Project Status: Procurement and Construction



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

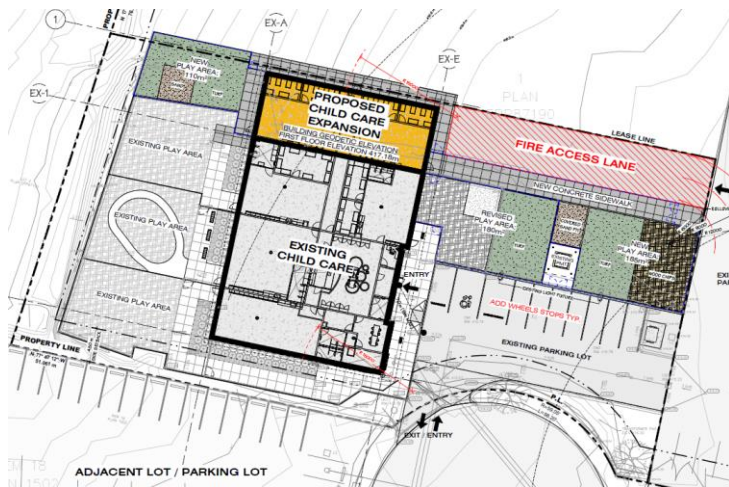
- ▶ Project Investment: \$8,100,000
- ▶ Project Timeline: Start spring 2025 – End 2026
- ▶ Project Status: Design Complete, Continued consultation, Procurement



Interesting Fact: Systems are well over 20 years old. This project will upgrade all airfield lighting systems at YLW to the most advanced systems available.

Child Care Facility - Expansion

- ▶ Project Investment: \$2,800,000
- ▶ Project Timeline: Fall 2025
- ▶ Project Status: Open and Operational- Expansion in planning phase
- ▶ Facility is open and full - initiated a second funding application approved to expand into additional two classrooms



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.

Combined Operations Building

May - Present Progress



Air Terminal Building Expansion

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



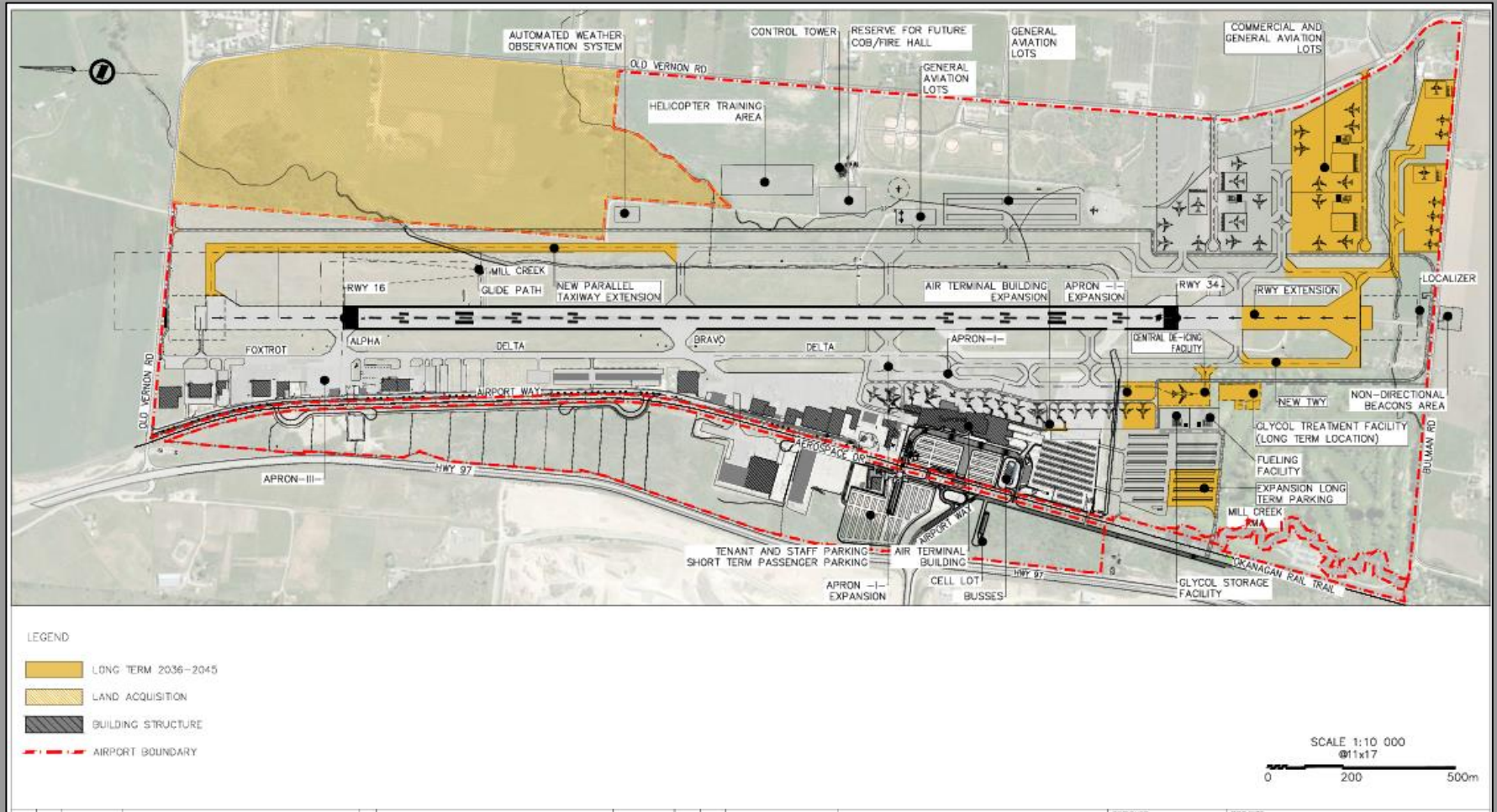
Interesting Fact: Fully funded, designed, value engineered, and project managed by YLW.

Air Terminal Building Expansion

May - Present Progress

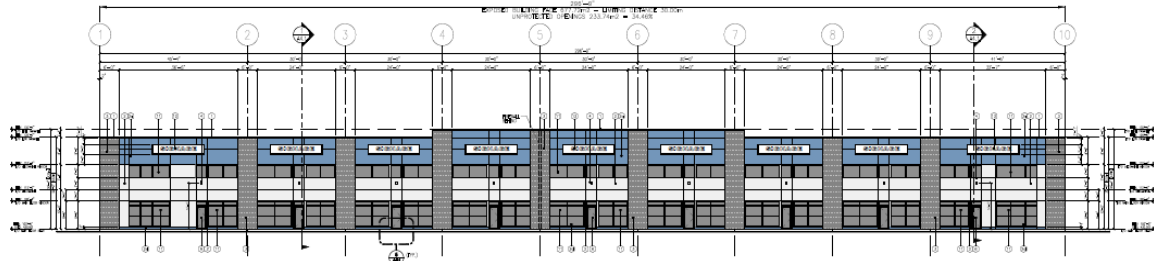


Airport Development Lots



Hyatt Group – Lot 2

- ▶ Project Investment: \$4,000,000
- ▶ Project Timeline: Late 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).

YLV 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.

YLW Parkade

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

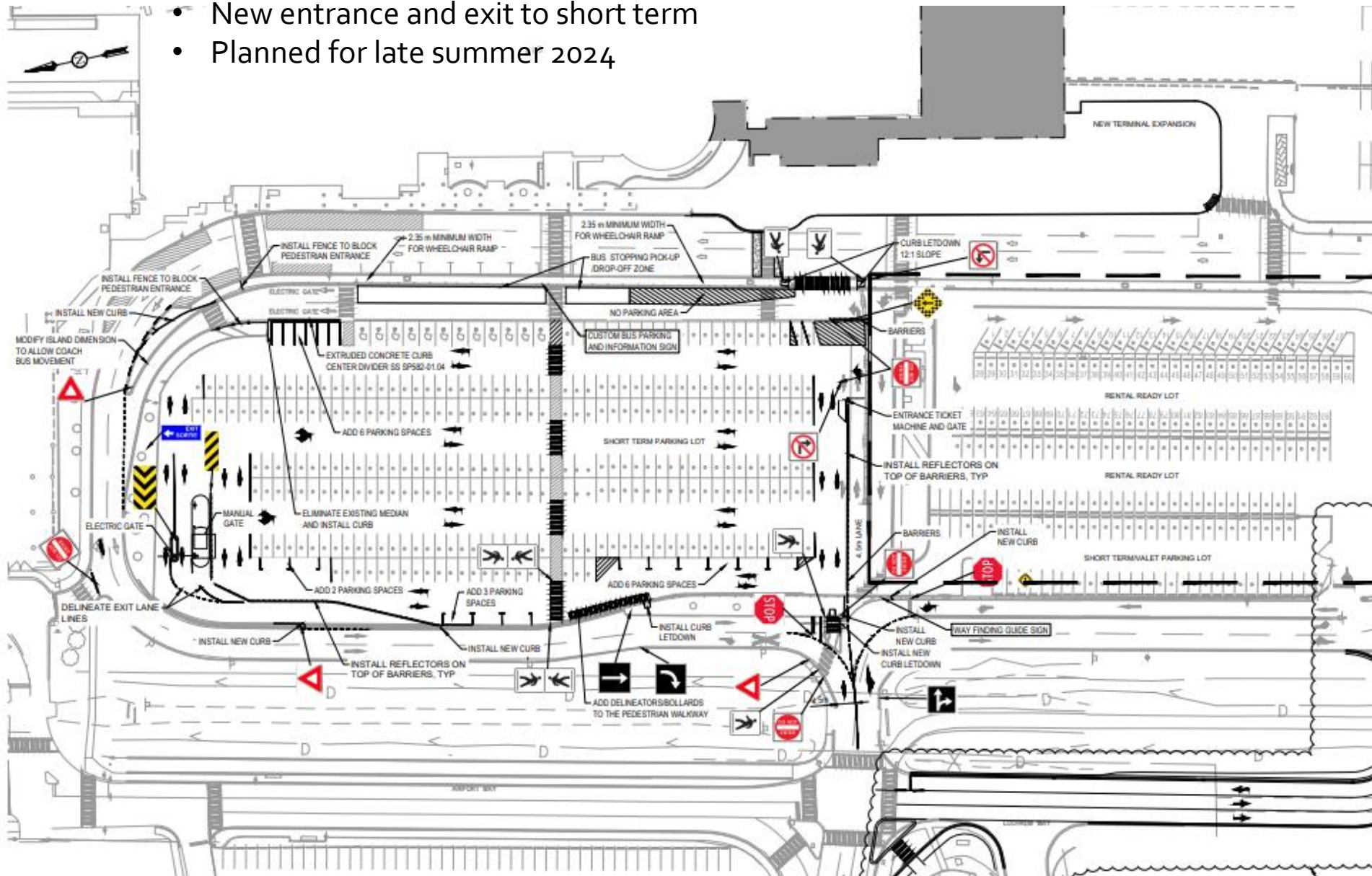


storey parking that reduces YLW's land requirement footprint.



Parking Lot Reconfiguration

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



2025 Projects

(Pending Relevant Approvals)

Description	Amount
Mill Creek Improvements	\$350,000
Apron 1 South Expansion Enabling Works	\$7,875,000
Departures Fast Flow Exit Upgrades	\$580,000
Passenger Boarding Bridge	\$2,600,000
Bridge Baggage Chutes	\$65,000
Switchback Boarding Ramp	\$210,000
Passenger Boarding Bridge PLC Upgrade	\$210,000
Airside Pavement Rehabilitation	\$2,155,000
Apron 1 South Expansion (Phase 1)	\$160,000
Airfield Lighting & Supporting Infrastructure	\$8,710,000
New Airside Pavement	\$75,000
Glycol Tank	\$475,000
Airside Equipment	\$690,000
Combined Operations Building	\$5,800,000
Total	\$29,955,000



Y.L.W.

Kelowna International Airport

Financial Overview



Financial Overview

Actual vs. Budget

	8 Months 31-Aug-24	2024 Budget	% of Budget
Passengers	1,406	2,119	66%
Revenues	35,661	53,349	67%
Expenditures	21,637	35,007	62%
Annual surplus	14,024	18,342	76%

Financial Overview

Actual vs. Budget

	8 Months 31-Aug-24	2024 Budget	% of Budget
AIF	15,906	23,651	67%
Parking	7,348	11,085	66%
Landing fees	2,879	4,682	61%
Car rental	2,551	3,907	65%
Terminal fees	2,220	3,679	60%
Grants	2,092	2,366	88%
Leases	1,161	1,887	62%
Food and beverage	629	923	68%
Other	875	1,169	75%
Revenues	35,661	53,349	67%

Financial Overview

Actual vs. Budget

	8 Months 31-Aug-24	2024 Budget	% of Budget
Salaries and wages	4,892	7,990	61%
Facility maintenance	3,071	4,690	65%
Payment to General Fund	1,237	1,856	67%
Professional and consulting	799	1,834	44%
Contract services	1,296	1,630	80%
Security	793	1,234	64%
Purchase services	503	1,188	42%
Fuel	294	874	34%
Software maintenance	760	738	103%
Interest expense	292	584	50%
Marketing and media	131	526	25%
Electricity	369	532	69%
Amortization (estimated)	5,933	8,900	67%
Other	1,267	2,431	52%
Expenditures	21,637	35,007	62%



Financial Overview

2025

- ▶ Significant investment (\$88M)
 - ▶ Terminal building expansion
 - ▶ Combined operations building
 - ▶ Airfield lighting and supporting infrastructure
 - ▶ Apron 1 south expansion enabling works

Financial Overview

Fees and Charges

▶ Airport Improvement Fee

- ▶ Increase of \$3.00/enplaned passenger from \$25.00 to \$28.00
 - ▶ Effective for travel on or after January 1, 2025
- ▶ Last increase was effective March 1, 2020

▶ Landing and terminal fees

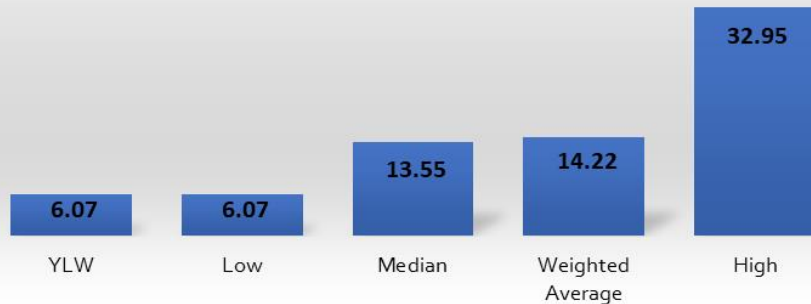
- ▶ 2.5% increase – effective January 1, 2025

Financial Overview

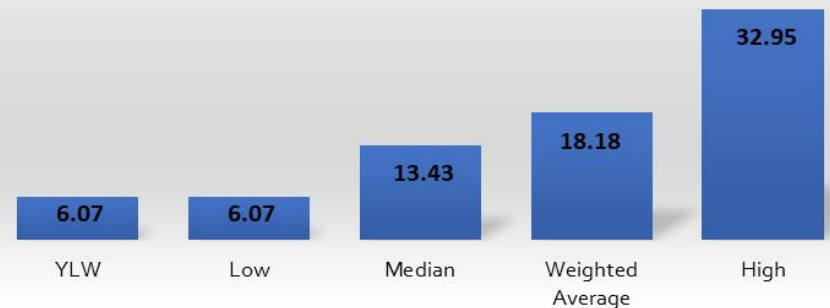
Fees and Charges

► Aeronautical revenues per landed air carrier seat

Tier 2 Aeronautical Revenues per Landed Carrier Seat
(12 Months Ended Mar. 31, 2024)



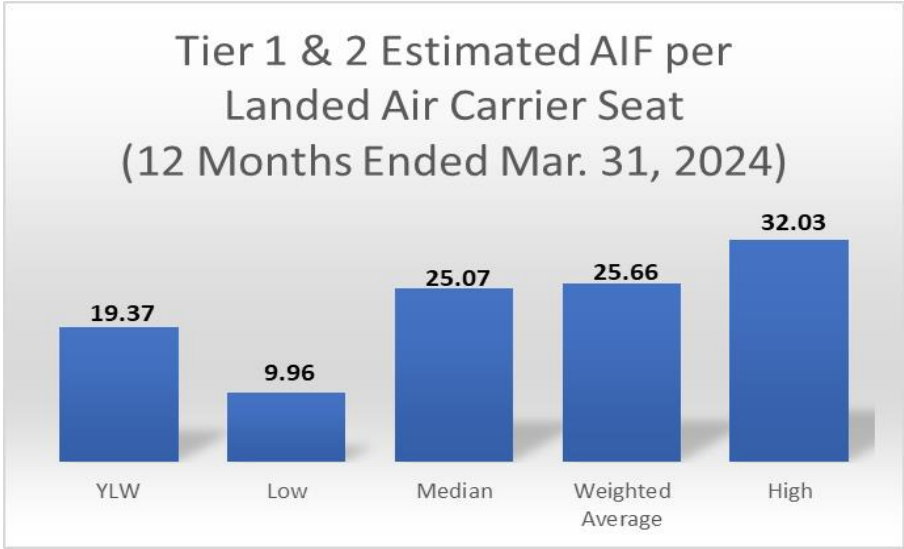
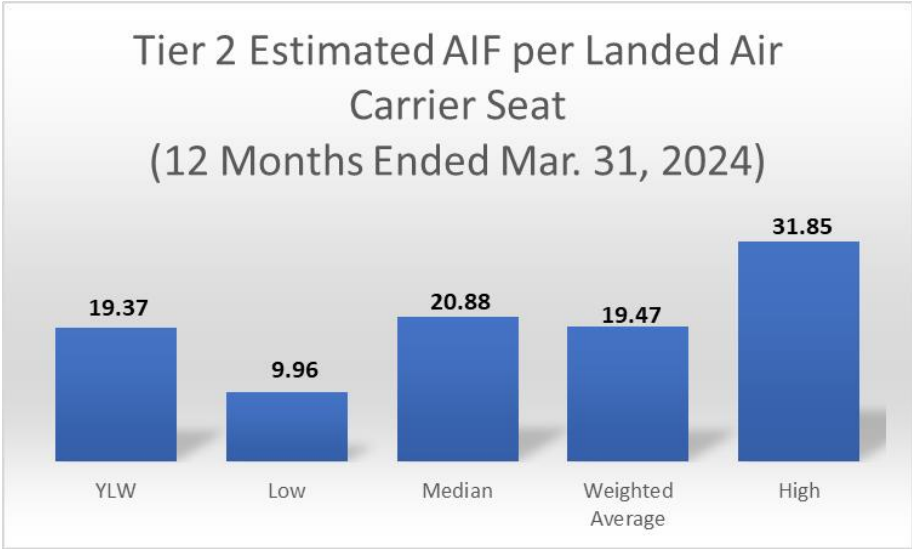
Tier 1 & 2 Aeronautical Revenues per Landed Carrier Seat
(12 Months Ended Mar. 31, 2024)



Financial Overview

Fees and Charges

- ▶ Estimated airport improvement fee per landed air carrier seat



Financial Overview

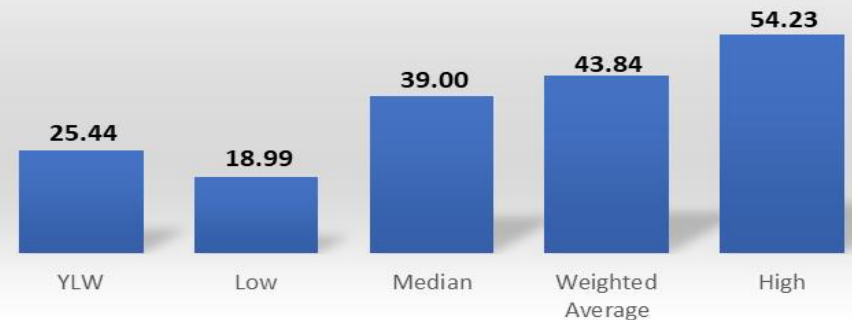
Fees and Charges

- ▶ 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, 2024)



Tier 1 & 2 Aeronautical Revenue and AIF per Landed Air Carrier Seat
(12 Months Ended Mar. 31, 2024)





Kelowna International Airport

Recommendations



Recommendations

- ▶ THAT the Airport Advisory Committee receive, for information, the report from Kelowna International Airport, presented on October 3, 2024.

Questions?

For more information, visit ylw.kelowna.ca.



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International
Airport