

Airport Advisory Committee

Minutes

Date:	Wednesday, October 3, 2024
Time:	9:00 am
Location:	Airport Administration Boardroom Kelowna International Airport 1-5533 Airport Way Kelowna, BC
Members Present	Chair, Mayor Tom Dyas, City of Kelowna Chief Robert Louie, Westbank First Nation Lesley Cormack, Deputy Vice-Chancellor, UBCO Maryse Harvey, President, Kelowna Chamber of Commerce Councillor Mohini Singh, City of Kelowna Blair Ireland, Mayor, District of Lake Country Rick de Jong, Councillor, City of West Kelowna Kelly Watt, Chair, Tourism Kelowna Councillor Louise Wallace Richmond, City of Salmon Arm Amber Hall, Greater Westside Board of Trade Roch Fortin, Summerland Chamber of Commerce Martin Von Holst, Greater Vernon Chamber of Commerce Sherry Louis, Okanagan Indian Band
Members Absent	Krista Mallory, Economic Development Commission Akbal Mund, Councillor, City of Vernon Julius Bloomfield, Mayor, City of Penticton Kevin Kraft, East Area Director, Regional District of Central Okanagan South Okanagan Chamber of Commerce
Members Participating Remotely	Grant Stevens, KF Aerospace, Aviation Industry Representative Corie Griffiths, Regional District of Central Okanagan Patrick Van Minsel, Mayor, District of Peachland
Staff Present	City Manager, Doug Gilchrist, City of Kelowna, Chief Executive Officer, Sam Samaddar, City of Kelowna, YLW, Director, Finance & Corporate Services, Shayne Dyrda, City of Kelowna, YLW Director, Commercial & Air Service, Geoff Ritchie, City of Kelowna, YLW Director, Operations & Innovation, Phillip Elchitz, City of Kelowna, YLW
Staff Participating Remotely	Legislative Coordinator (Confidential), Clint McKenzie

1. Call to Order, Welcome and Introductions - Chair, Mayor Tom Dyas

Chair, Mayor Dyas:

- Called the meeting to order at 9:06 a.m.

- Provided an update to recent meetings held between Kelowna International Airport and senior levels of government in Ottawa. A federal communications strategy is being prepared to ensure a coordinated and concise message.
- Meetings were also held with Tracy Gray, Member of Parliament, Nicholas Kang, the B.C. Regional Advisor to the Ministry of Transportation, Maninder Sidhu, the Parliamentary Secretary to the Minister of Export Promotion, International Trade and Economic Development, Arun Thangaraj, Deputy Minister of Transport and Gaylen Richardson, the Senior Regional Advisory at Office of the Deputy Prime Minister and Minister of Finance of Canada.
- Advised the purpose of the meetings was to reinforce the \$25 million request for capital from the federal government to bring infrastructure to the east lands of the airport.

Chief Executive Officer:

- Advised City representatives took the message forward on what the Kelowna International Airport is doing to bring capital expansion into the community.
- Very effective initiative that includes a strategist working on the airport's behalf.
- The message being sent is one of expanding the airport campus and its service in providing economic benefit and growth to the entire region.
- The Kelowna International Airport is putting in its own significant capital investment. Deliberately looking at keeping fees and charges low and the federal contribution is a relatively small ask in the overall investments being made.

2. Confirmation of Minutes

Moved By Amber Hall/Seconded By Blair Ireland

THAT the Minutes of the May 29, 2024, Airport Advisory Committee meeting be adopted.

Carried

3. Reports

The Chair welcomed Sherry Lewis, Director of Lands, Okanagan Indian Band to their first meeting.

3.1 Opening Remarks - Sam Samaddar, Airport Chief Executive Officer

Chief Executive Officer:

- Provided an overview of what is happening at YLW and in the airport industry.
- YLW saw a downturn in the months of June and July.
- Traffic flow in August was up 21% YTD, up 3.8% up from 2023
- 2018 saw 2.509 million passengers and YLW will be well over 2.1 million passengers by the end of 2024.
- There is an unbalanced recovery in the airline industry. Kelowna is in the top 30 airports in Canada for recovery. Outside of the top 30 airports in Canada the recovery rate is below 72%.
- Transborder connectivity was compared to 2019.
- In relation to Canada's connection to the international markets we are down 6% year to date.
- Recovery is not even across the nation and will affect connectivity and how we move goods and services across the country.
- Spoke to ReserTRAC technology improvements for the taxi industry with online on time data for tracking those picking up at the airport.
- Currently the airport is negotiating an agreement with Uber to level playing field with the taxis industry. Uber launched at the airport in July with 1256 transactions and 5284 transactions in August.
- CATSA latest screening CT will be the first level one airport to have the technology, so liquids and electronics do not need to be taken out of your travel bag for screening.
- Spoke to passenger comfort level with facial recognition technology as travelers do not want to give their documents in screening to touch and contaminate.
- Canadian Competition Bureau is studying the Canadian airline industry.
- Transportation Canada policy on pension funds investment is being looked at.

- Significant work is being done by the Ministry of Transport protecting the airspace zoning around airports.
- Significant work is being done to improve the accessibility of the airport and look after the entire gamut of travelers through YLW.
- Responded to questions from the Committee.

City Manager:

- Spoke of the business continuity plans that are in place for service areas the City is responsible for.

Staff:

- Spoke to the airport zone within the Official Community Plan and the layers of mapping available to the planning of buildings and other infrastructure within the airport zone.

3.2 Airport Next Survey Results - Geoff Ritchie, Director, Commercial & Air Service

Staff:

- Spoke to AirportNEXT, a new dynamic tool for airports to assess and improve their stakeholder alignment and support.
- A sentiment-based survey of key stakeholders based on the successful DestinationNEXT program as it assists airports and communities align their strategies around their airport.
- Shared the AirportNEXT assessment results.
- Spoke to the AirportNEXT Model with 80 questions in the survey.
- Three main stakeholder groups - airport, industry and community
- 24 airports with 2600 survey responses with 87% completion rate
- Kelowna had 84 responses.
- Kelowna is slightly below the average of the airports that participated, showing strong infrastructure and facilities.
- Aviation industry groups ranked YLW quite high for their strong infrastructure and facilities.
- Perceived performance of Facilities and Variables (terminal, transportation access, services, security, border and technology) reviewed.
- Spoke to terminal and transportation access and services scores.
- Spoke to the stakeholder alignment and comparing Kelowna to the Tier 2 airport average.
- Slightly lower average for YLW.
- Local government supporting the airport and air travel was well received by stakeholders who completed the survey.
- Many community and sustainability scores above average for YLW.
- Economic development was the strongest scores in the survey with really strong scores.
- Below and above scores were reviewed.
- Areas of strength include being the 4th overall in acceptable taxi service, 4th overall in local government that supports their airport and air travel, 4th overall in working closely with local economic development agencies and 5th overall in support of local business leaders.
- Responded to questions from the Committee.

3.3 Air Service Development Update - Geoff Ritchie, Director, Commercial & Air Service

Staff:

- Spoke to air service rebounding quickly and continuing to grow.
- Overall capacity is still 10% below peak. New services launched in 2025 will close that gap.
- There are less airplanes with more seats.
- 34,251 flights in 2019 with 2.03M passengers compared to 24,689 flights in 2024 with 2.1M passengers.
- Domestic capacity provides a stable and strong foundation.
- Transborder air flights were hit hard with US airlines having less interest in coming north. Will see a resurgence in 2025.
- Alaska's withdrawal and subsequent slow entry has limited direct transborder air access.
- In 2024 WestJet added Las Vegas service.
- International connections have been strong and are now the fastest growing segment.
- WestJet has been adding significant capacity to sun market destinations. For 2025 this trend will increase, with winter capacity scheduled to be up by about 50%.

- U.S. seat capacity is up 75% between 2024 and 2023.
- Passenger traffic is up 5.4%.
- International seat capacity is up 30%.
- Incremental AIF revenue is up \$1.2M
- Focused on areas with greatest impact with a focus on transborder with domestic the foundation of demand. U.S. is a major market for inbound and outbound travel and hold high potential growth.
- Responded to questions from the Committee.

3.4 Capital Projects Update - Geoff Ritchie, Director, Commercial & Air Service

Staff:

- Reviewed the projects underway and the investments including airside pavement rehabilitation, airfield lighting control system, airfield lighting & supporting infrastructure, expansion of the childcare facility moving from 86 to 110 children, the combined operations building, air terminal building expansion, air terminal building expansion, the airport development lots, commercial development (Hyatt Group, Velocity Truck Centre, YLW Hotel), YLW parkade and the parking lot reconfiguration
- A total of over \$29 M in 2025 significant projects.

3.5 Financial Overview & Recommendations - Shayne Dyrdal, Director, Finance & Corporate Services

Staff:

- Spoke to the actual expenditures versus budget and airport currently at 76% of 2024 budget.
- Revenues are 67% of the annual 2024 budget.
- Financial indicators are tracking closely and coincide with passenger numbers.
- Expenditures are tracking at 62% of the annual budget.
- Significant investment (\$88M) includes the terminal building expansion, combined operations building, airfield lighting and Apron 1 south expansion enabling works.
- Fees and Charges : increase of \$3 enplaned from \$25 to \$28 effective January 1, 2025. The last increase was effective March 1, 2020.
- Landing and terminal fees will see a 25% increase effective January 1, 2025.
- Already been approved in the Airport Fees Bylaw so no amendments will be needed by Kelowna City Council.
- Reviewed aeronautical revenues per landed carrier seat. Substantially lower than the median industry average.
- Reviewed the airport improvement fee per landed air carrier seat. In terms of tier two airports, YLW is slightly below average. and significantly lower than Tier one airports.
- Responded to questions from the Committee.
- Mayor Dyas thanked staff for all the work they have done and best wishes on their maternity leave.

Moved By Councillor Singh/Seconded By Blair Ireland

THAT the AAC receive the report for information, from the Kelowna International Airport, presented on October 3, 2024.

Carried

4. Questions & Wrap Up

Staff responded to questions from the Committee.

Chief Executive Officer:

- Spoke to the transition that will be experienced with the ongoing expansion and building of the airport and the need to balance financially protecting the risk involved with opening the next phase of airport expansion.
- Targeting the Fall of 2026 for opening of the current expansion components.

Chair:

- Welcomed Maryse Harvey the President of the Chamber of Commerce to their first meeting.

5. **Termination of Meeting**

The Chair declared the meeting terminated at 11:17 a.m.

Mayor Tom Dyas, Chair

DRAFT