

# Airport Advisory Committee Meeting

April 10, 2025





# Agenda

- Welcome/Approval of Previous Minutes
- Opening Remarks
- Air Service
  - Air Service Performance
  - Potential impacts of tariffs
- Capital Plan 2025
- Financial Performance 2024
- Questions
- Tour of ATB Expansion





# Opening Remarks



Kelowna International Airport





## 2024 Record Breaking Year

**2,133,582** passengers in 2024  
(new annual record)

**211,493** passengers in December  
(new monthly record)

**9<sup>th</sup>** Busiest Airport in Canada



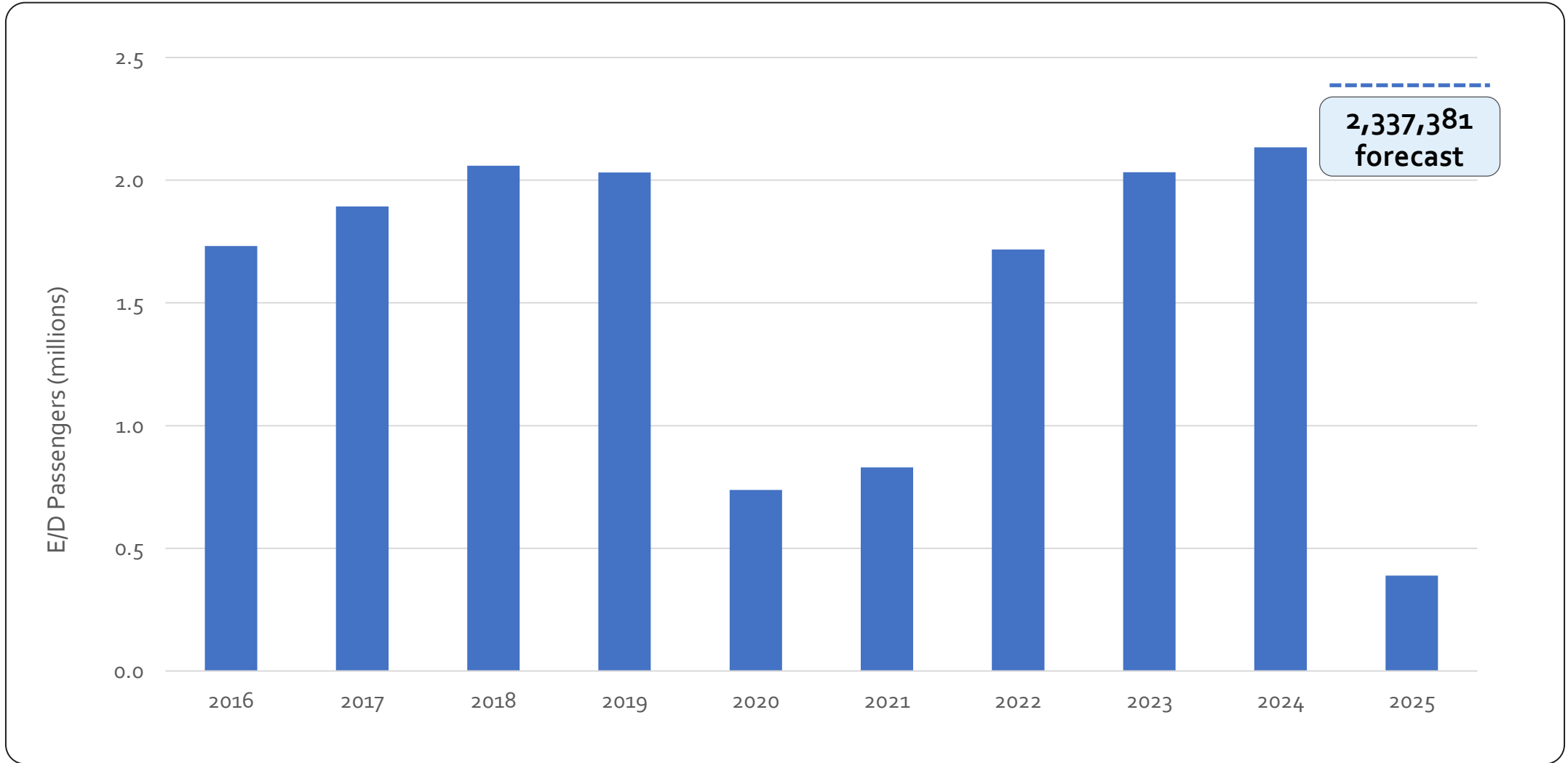
## 2024 & 2025 Monthly Passengers

	Monthly	YTD	Variance Monthly	Variance YTD
November	174,922	1,922,089	10.44%	4.16%
December	211,493	2,133,582	12.94%	4.97%
January	197,630	197,630	12.78%	12.78%
February	191,204	388,834	8.45%	10.61%

<b>2025 Forecast</b>	2,337,381
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# 2016 - 2025 Passengers Statistics





# 2024 / 2025 Aircraft Movements





# Air Service

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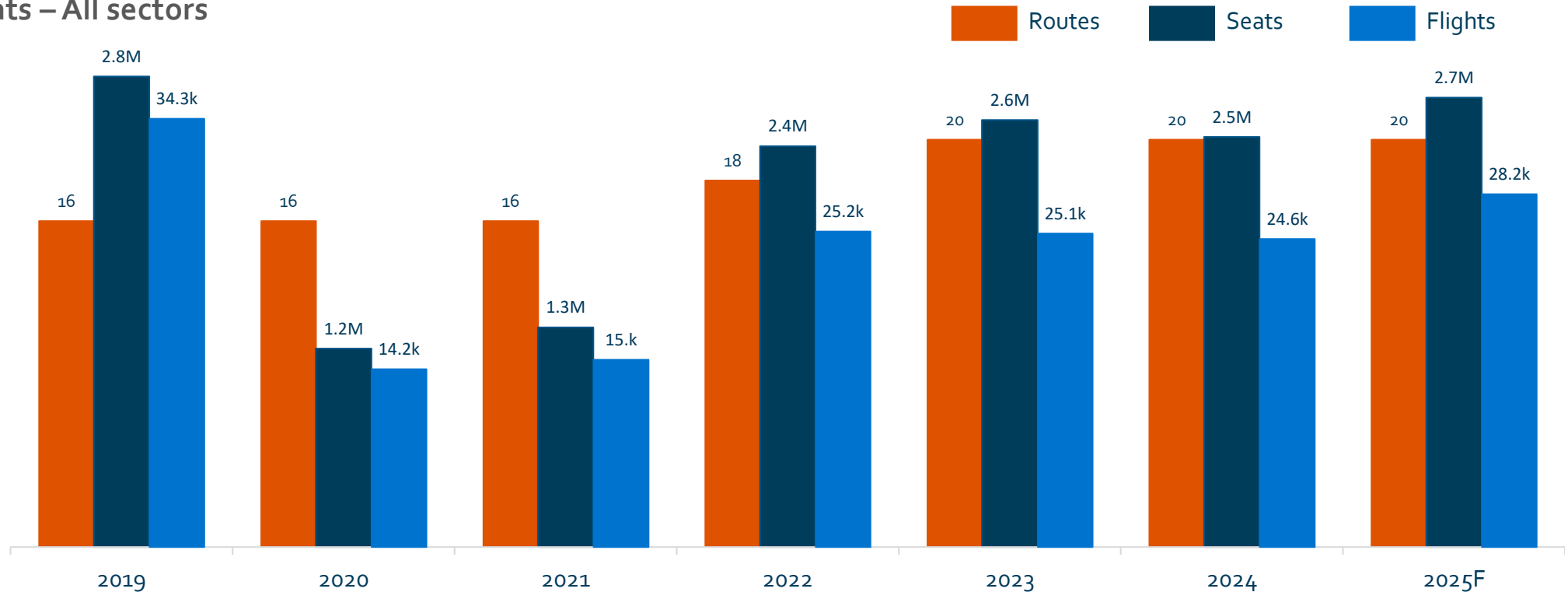






# YLW air service rebounded quickly and continues to grow

YLW Seats – All sectors

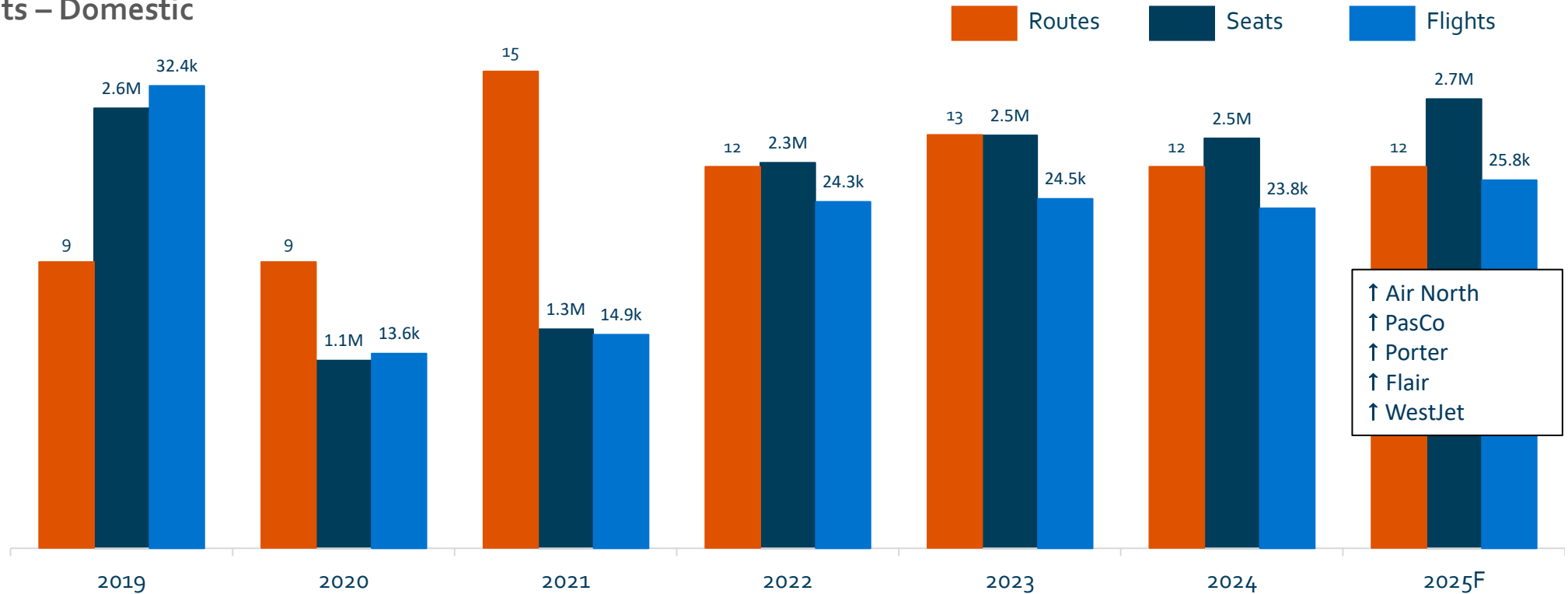


- Passenger demand remained strong in the first three months of the year, outperforming 2024 result thus far
- Overall capacity remains below peak 2019 levels but increased service from Alaska and new Toronto service from Porter are helping close the gap
- Seat capacity in market is reaching close to 2019 numbers with larger planes landing in YLW
  - Larger gauge aircraft allows for continued capacity growth with less departures and less environmental impact



# Domestic capacity provides a stable and strong foundation

YLW Seats – Domestic

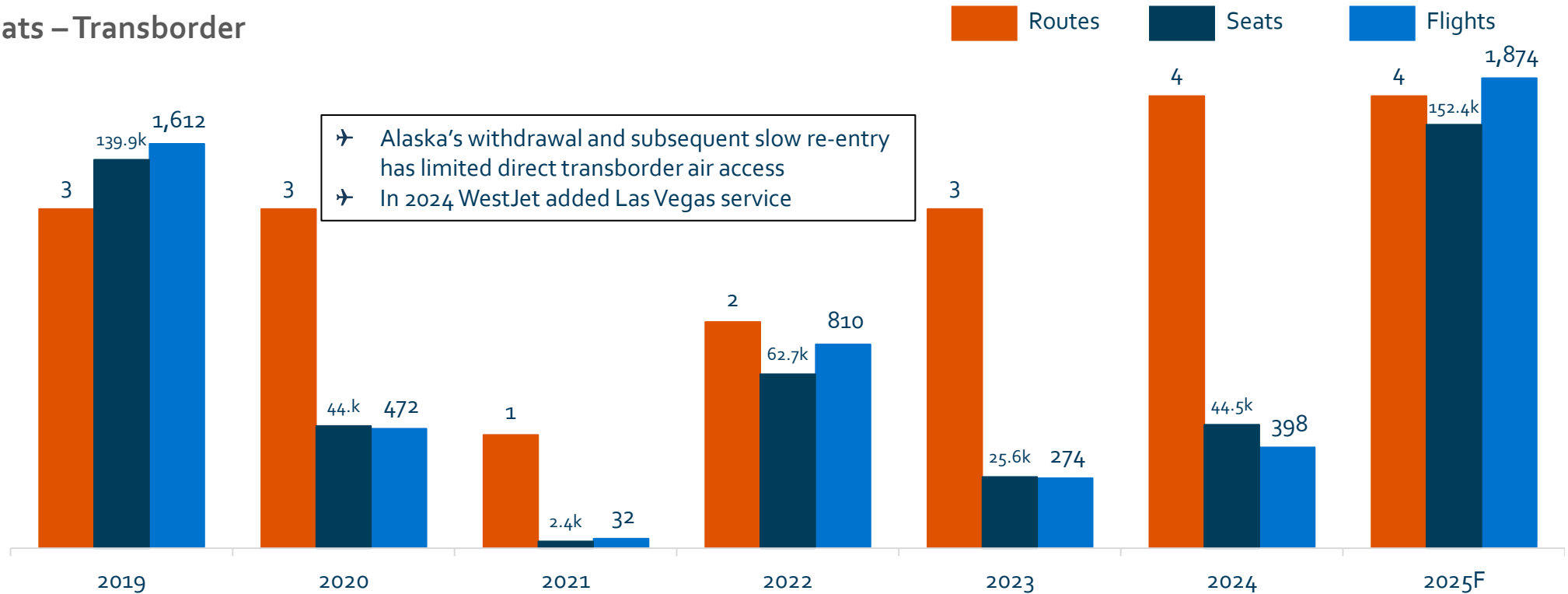


- ✈ Domestic seat capacity is expected to surpass 2019 levels this year
- ✈ Record breaking 2025 passenger traffic (up 10.6% thus far in 2025) is driven by increased seats in the Domestic sector



# 2025 Transborder capacity is scheduled to grow

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 Winter service started in 2025 provided significant growth

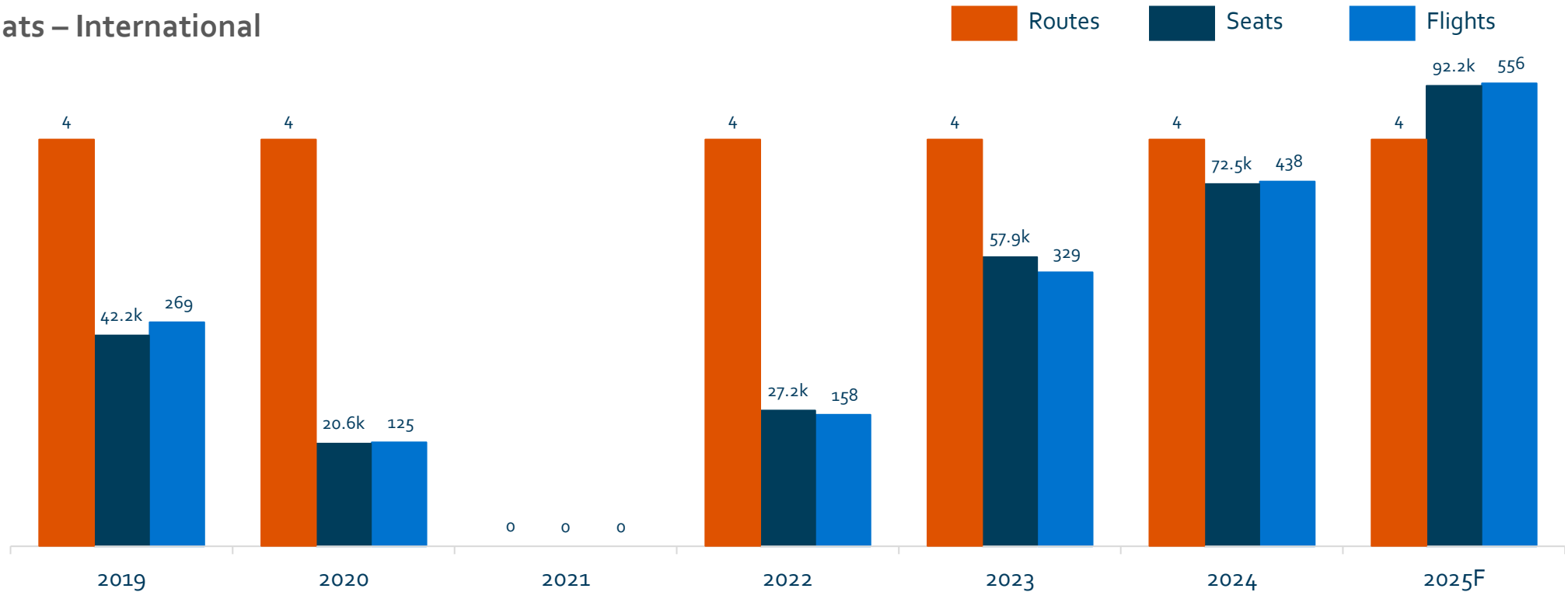
- ✈️ New Los Angeles from Alaska Airlines
- ✈️ New Seattle from WestJet
- ✈️ Expanded Seattle from Alaska
- ✈️ Expanded Phoenix from WestJet





# International has been strong and is now fastest growing segment

YLV Seats – International



- WestJet has been adding significant capacity to sun markets
- This trend continues to increase in 2025 with Winter 2024/2025 season increasing by ~30%



## ASD Program is performing well on key metrics (2024 vs 2023)



- YYZ (expanded), 2/day, Jul 2023



- LAX (new), 5-7/wk, Dec 2024
- SEA (expanded), 1-2/day year-round, Dec 2024



- YVR (expanded), 5/wk, Jan 2025



- YXS (new), 6/wk, Oct 2024
- YQQ (new), 6/wk, Jun 2024
- YCD (new), 7/wk, Sep 2023



- SEA (new), 7/wk, Jan 2025
- YYZ (expanded), 7/wk summer, 5/wk winter, May 2024/Oct 2024
- All Sun except LAS (expanded), Oct 2024
- LAS (new), 2/wk, Dec 2023



## Airlines have pushed growth to domestic markets for 2025 so far

Impact of tariffs will likely drive additional capacity to domestic markets as Airlines adjust flying to serve changing passenger preferences

porter

- YYZ (new carrier), 7/wk, May 2025

WESTJET 

- YVR (expanded), 6/wk, summer

flair  
airlines™

- YYC (expanded), 3-4/wk, year round





AIR SERVICE

# Marketing Program Propelling Success

- ➔ Effective  
(900K impressions & 5,800 entries)
- ➔ Low cost  
(sponsored by partner stakeholders)
- ➔ Tourism development
- ➔ Economic development
- ➔ Shoulder season
- ➔ Scalable / repeatable



Enter to win an outdoor escape in *Prince George!*



Learn more



October 26  
10 a.m. - 2 p.m.

TRAVEL SHOW



More R  
Free Ad  
KF Cent  
5800 La



THE PERFECT *Pairing*



2024



EXCELLENCE IN  
AIRPORT MARKETING  
COMMUNICATIONS &  
CUSTOMER EXPERIENCE  
AWARDS

NANAIMO AIRPORT  
KELOWNA INTERNATIONAL AIR  
BEST IN AIRPORT PARTNERSHIPS AW  
WIN



LIVE OUT LOUD



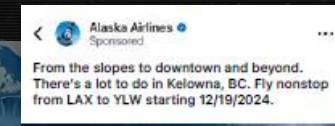
Snap your selfie  
at YLW and tag us  
**@ylwkelowna**



Kelowna International Airport - YLW

Follow

Your Seattle adventure starts here at YLW! Snap a selfie at our Seattle Selfie Wall and show off your favourite landmark. Is it the Space Needle, M... See more



Alaska Airlines Sponsored  
From the slopes to downtown and beyond. There's a lot to do in Kelowna, BC. Fly nonstop from LAX to YLW starting 12/19/2024.



Get the freshest runs with CMH Heli-Skiing.



alaskair.com  
Take a trip to Canada. Fly with us.

Book Now

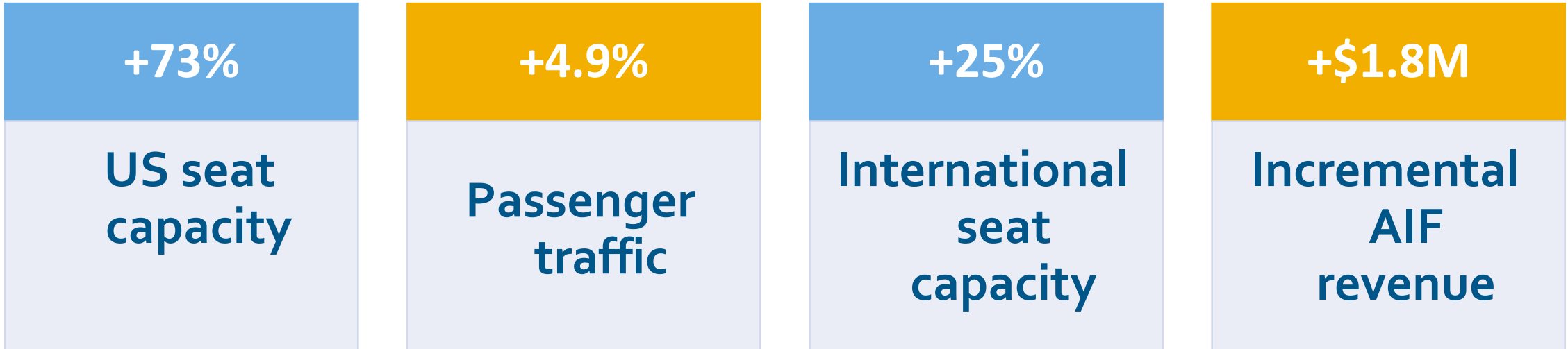


# Air Service Performance





## 2024 VS 2023



\* 12 months ended December 2024 vs 12 months ended December 2023.

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





## Government grants are being leveraged to amplify impact

The YLW air service development team has secured financial support from the federal government.

- ➔ Funding is provided under the PacifiCan Tourism Growth Program (TPG)
- ➔ Program mandate is to develop and improve tourism destinations across Canada, by improving regional tourism assets, while enhancing Canada's competitiveness as an international destination
- ➔ Funds will cover 50% of core program activities over the next two years

# \$174K

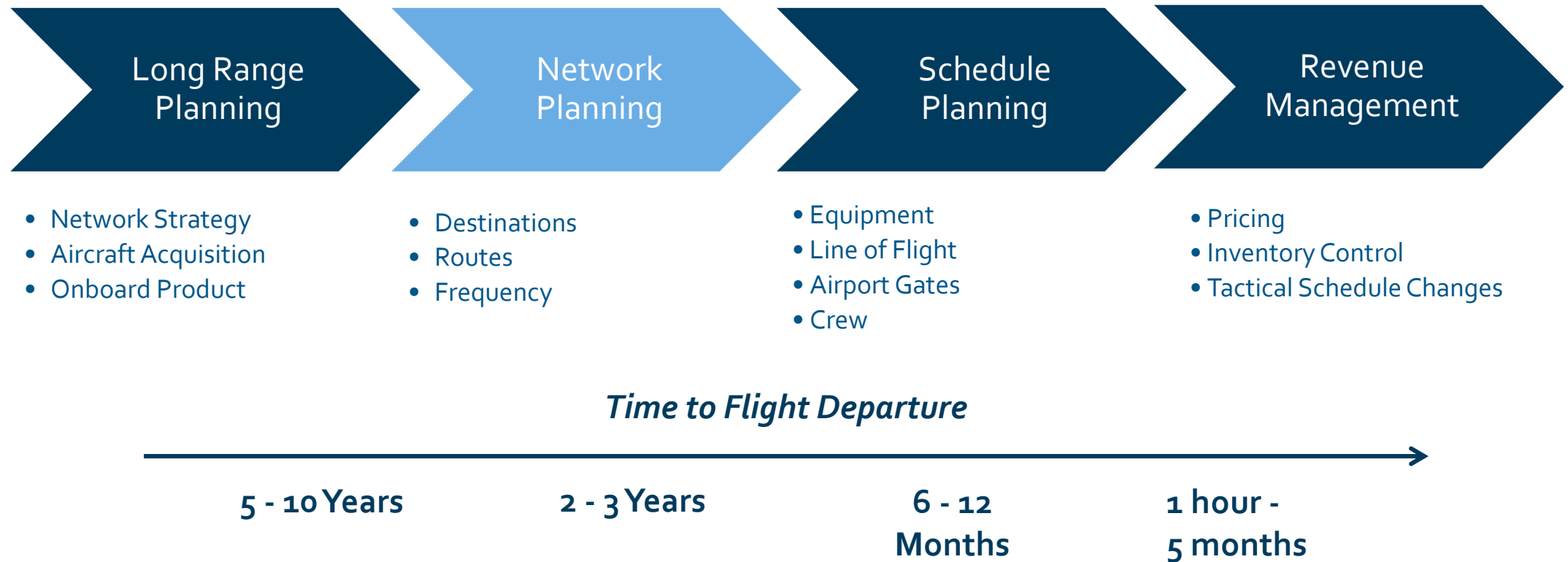
### Grant Funding for Tourism Related Air Service Development Activities

Activities covered, include:

New Service Attraction (Business Case Development)	Demand Generation (Marketing)
Data Collection & Research	Marketing Strategy and Plan
Feasibility Analysis	Implementation Tactics
Business Case Development	Program Optimization
Airline Meetings	



# The Network Development & Planning Process at Airlines





# How to influence the airline 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 sped years moving up the "list" before a service announcement; some are never started**



# ASD focused on areas with the greatest impact

Priority	Market Segment	Rationale
1	Transborder	<ul style="list-style-type: none"><li>• US is a major market for inbound and outbound travel and hold high potential for growth</li><li>• Despite recent wins, still an imbalance between supply and demand for Central and Eastern US</li><li>• Securing access to Central hub would improve US and international air access considerably</li><li>• Despite concerns about Transborder travel, access to the US and having strong connections for US tourists into YLW remains a top priority</li></ul>
2	Domestic (excl. regional BC)	<ul style="list-style-type: none"><li>• Domestic is the foundation of demand</li><li>• Actively looking for key opportunities to grow the Domestic sector as Canadians look to travel within Canada this summer</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>• 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>• Relatively well served</li><li>• Smaller markets with less impact compared to other segments</li></ul>



# 2024 Efforts and Results

24

Business cases  
(Market analysis and route forecasts, presented at conference, HQ, and virtual meetings)

3

Conferences  
(Meetings and networking with airline decisions makers)

14

Airlines engaged with  
(Via HQ, conference, and virtual meetings)

6

HQ meetings  
(Full business case presented to key decision makers)

porter

YYZ (new), 7/wk, May 2025

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), 1-2/day 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



# Potential Impacts of Tariffs





# Proactively addressing impact of travel due to tariffs

Airlines are continuing to reduce capacity in Canada to U.S. routes as Canadian bookings to the US have reduced

Transborder flights have already been reduced with the possibility of additional cancellations

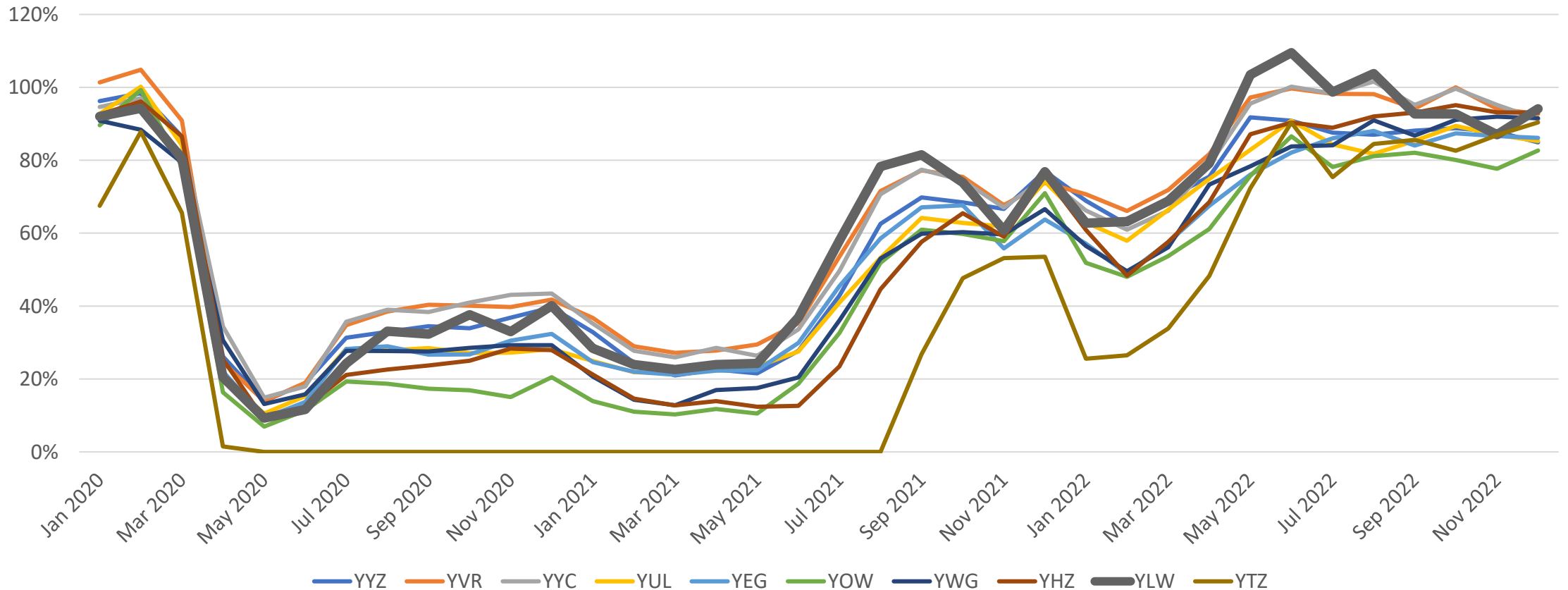
Kelowna is uniquely positioned to attract bookings as Canadians choose to travel closer to home this summer

- ✈ YLW is actively showcasing options for expanded Domestic flying to our Canadian airline partners
- ✈ In discussion with tourism partners to align and promote Kelowna as a friendly destinations for Americans travelling to Canada as well as for Canadians looking to support local



# Kelowna domestic seat recovery compared to 2019

Domestic seat capacity in Kelowna recovered above 2019 levels by May 2022, outperforming other Canadian airports

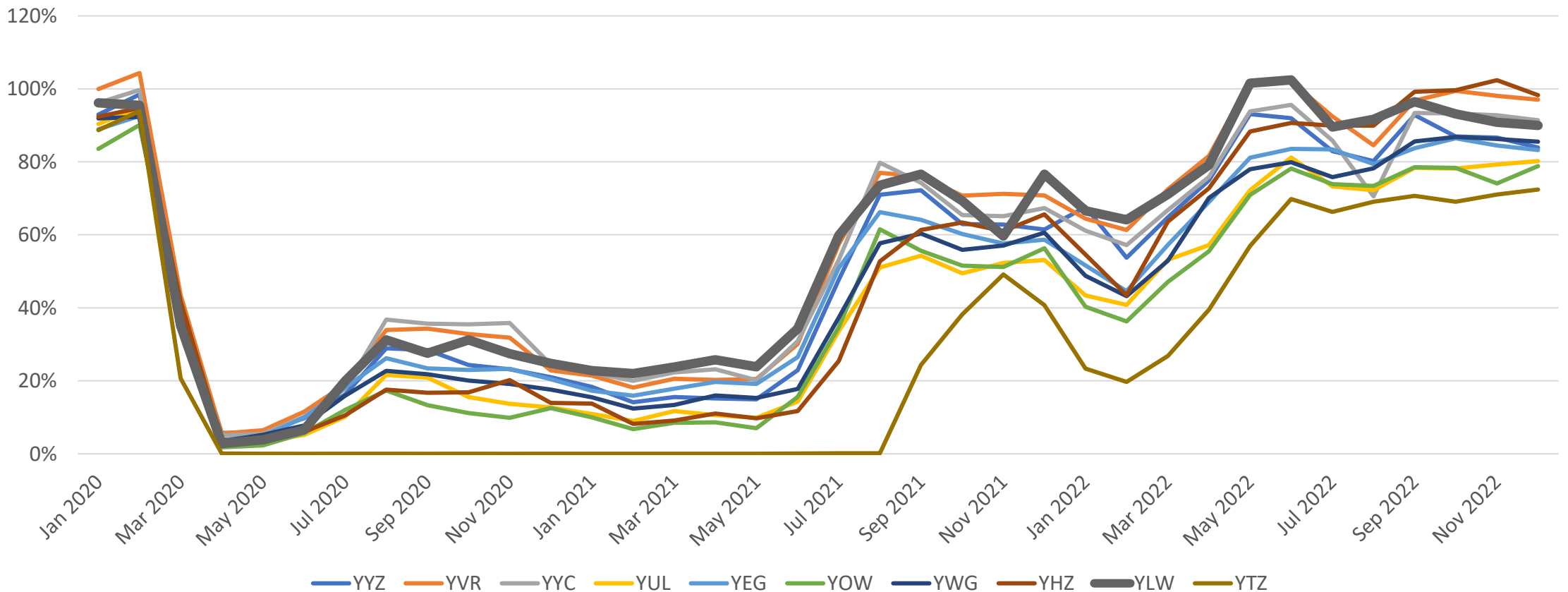


Source: Innovata Schedules via Cirium Diio, as of Mar 2025



# Kelowna domestic passenger recovery compared to 2019

Following the domestic capacity adds, Kelowna domestic passenger traffic recovered quickest compared to other Canadian airports



Source: Sabre Global Demand Database (GDD), as of Mar 2025



# Capital Plan 2025







# 2025 Programs and Projects

2025 Budget	
<b>Programs</b>	
Airside Pavement Rehabilitations & Expansion	\$10,251,000
Airport Airside Equipment	\$3,973,000
Lifecycle Replacement & Upgrades	5,641,000
Loading Bridges	707,000
Carbon Neutral Initiatives	1,229,000
Land Development	113,000
<b>Projects</b>	
Airport Terminal Building Expansion	39,642,000
Combined Operations Building	11,250,000
Airside Lighting and Supporting Infrastructure	8,710,000
Mill Creek Improvements	871,000
Airport Hotel and Parkade Enabling Works	3,381,000
Child Care Facility Expansion	2,550,000

✈ Non-tax based funding.



# Air Terminal Building

- Project Investment: \$108m
- Project Timeline: Complete 2026
- Project Status: In Construction



*Photo by Rick Montagnon*

- Interesting Fact: Mass Timber for this project is sourced sustainably and manufactured by a local, family operated company.



# Combined Operations Building Expansion

- Project Investment: \$22m
- Project Timeline: Complete late 2025
- Project Status: In Construction



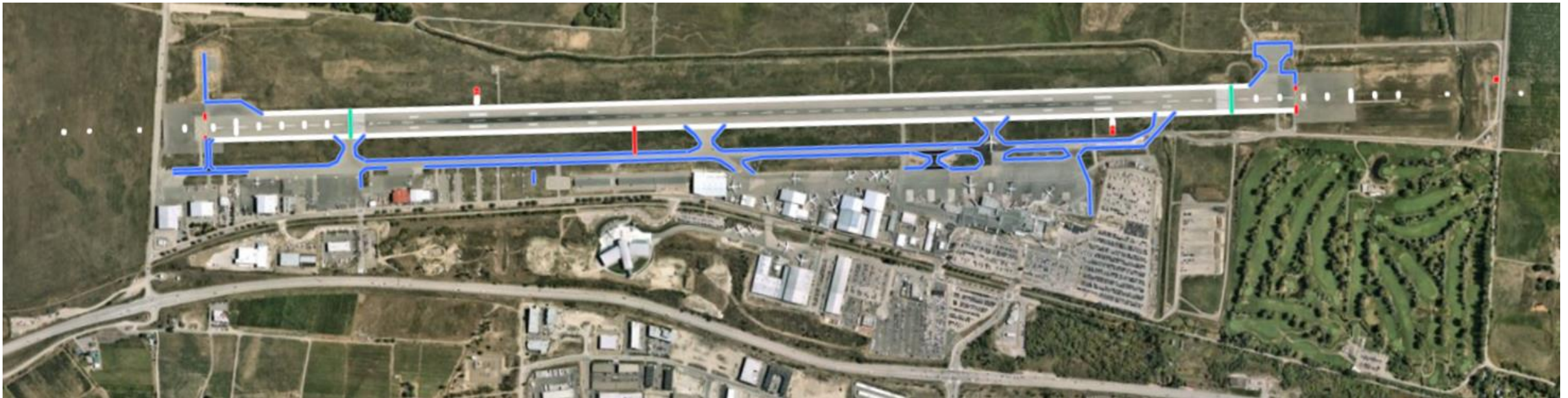
- Interesting Fact: The newly erected COB steel structure is 21,000 sq ft required and required 474,000 pounds of steel (that is equal to more than five of the ARFF firetrucks!)





# Airfield Lighting & Supporting Infrastructure

- Project Investment: \$8.7m
- Project Timeline: April - November 2025
- Project Status: In Construction



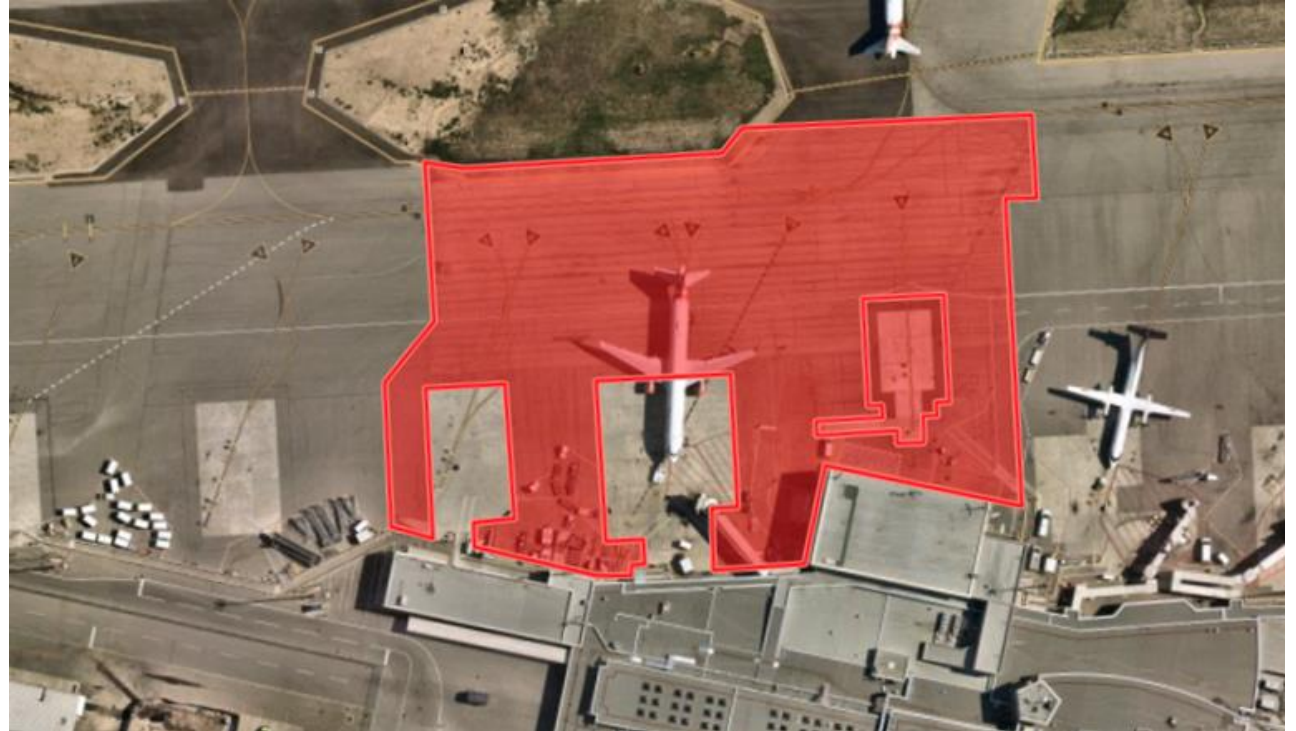
- **Interesting Fact:** YLW will lay down approx. 43 km of new electrical cabling for this project, which is roughly the distance from Peachland to Lake Country!





# Pavement Rehabilitation

- Project Investment: \$2.1m
- Project Timeline: April – June 2025
- Project Status: In Construction

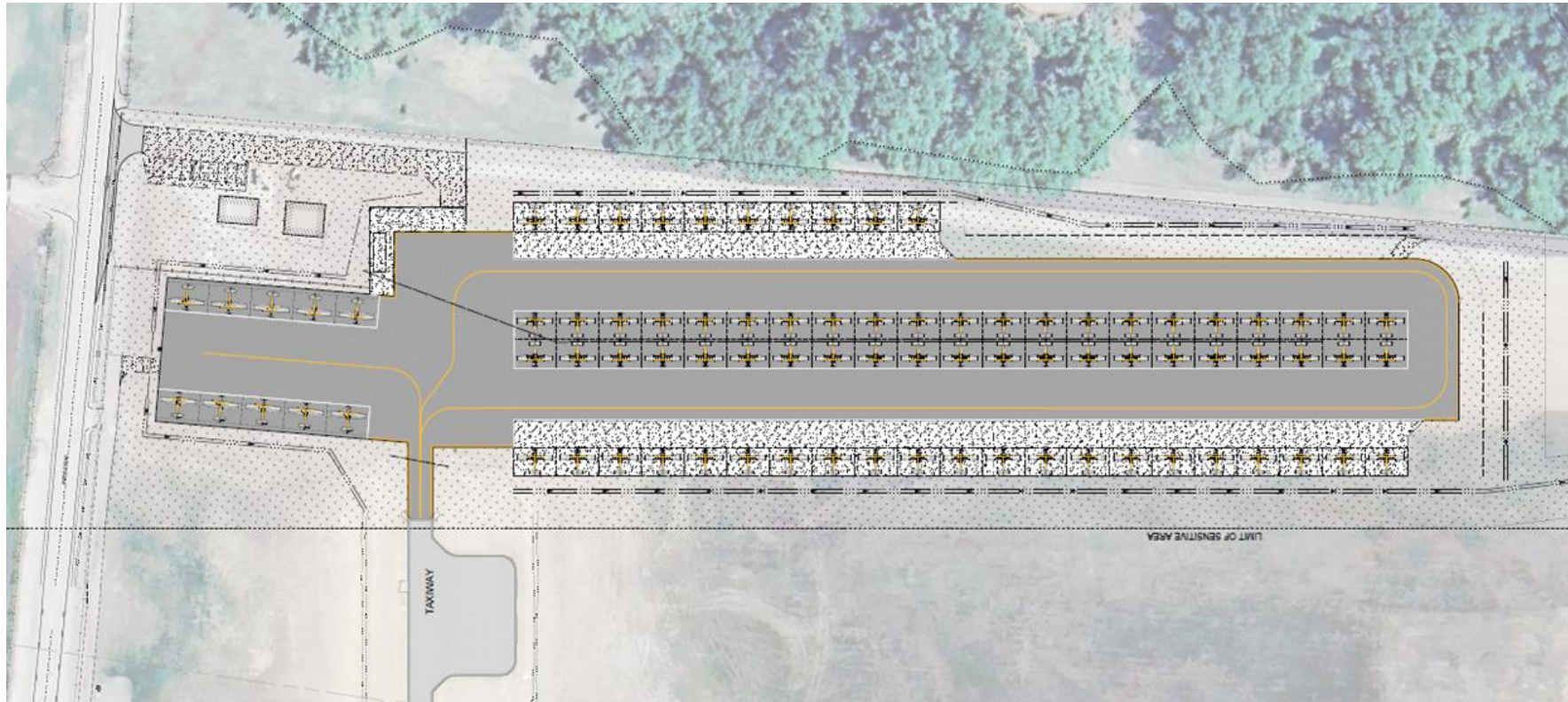


- **Interesting Fact:** YLW plans to mill the current asphalt from the apron and repurpose it for a new parking lot. This approach will reduce greenhouse gas emissions by minimizing the need to transport new materials to the site.



# General Aviation Development

- Project Investment: \$2.1m
- Project Timeline: June - September 2025
- Project Status: Design / Procurement



- Interesting Fact: This phased project will provide parking for light aircraft.





# Sutton Place Hotel & Parkade

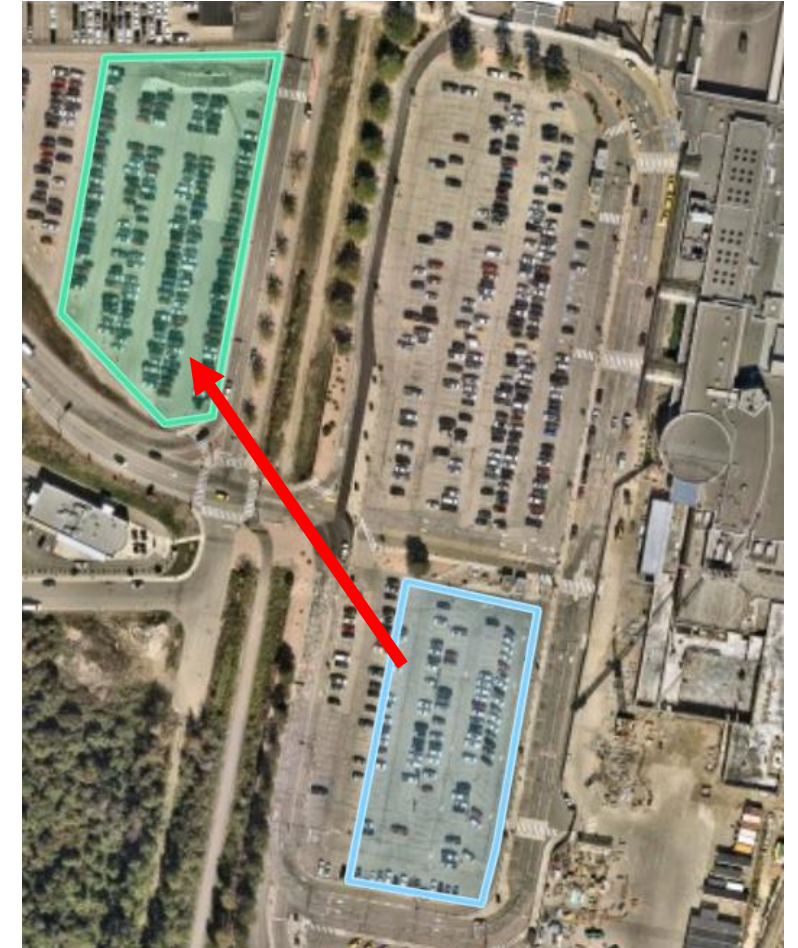
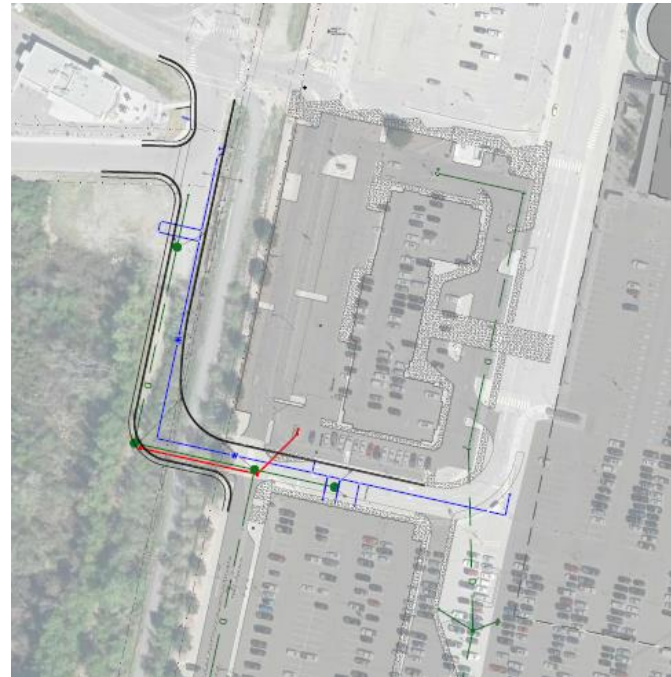
- Project Scope: Development of the first 5-star hotel in the Okanagan and a 7-story parkade.
  - Project Timeline: 2025 – 2027
  - Project Status: Building Permit Submission
- 
- Interesting Fact: The YLW Sutton Place Hotel will be Kelowna's first five-star hotel.





# Hotel / Parkade Enabling Works

- Project Budget: \$8.3m
- Project Timeline: Started March 2025
- Project Status: In Construction







# Apron Expansion Enabling Works

- Project Scope: Construction of new bridge across Mill Creek. 600 vehicle parking stall expansion.
- Project Timeline: June – August 2025
- Project Status: In Construction







# Childcare Expansion

- ✈ Project Budget: \$2.5m
- ✈ Project Timeline: 2024 - 2025
- ✈ Project Status: Building Permit submitted



- ✈ Interesting Fact: This project is a collaboration between the Province, City of Kelowna, YLW, KF Aerospace & YMCA of Southern Interior BC.



# YLW Campus Advertising- EXECUTED

Agreement Scope:

- ✈ Complete ATB Expansion deployment and existing ATB upgrades
- ✈ Potential for sponsorship (lounge, branding, WiFi)

Agreement Status: Complete

Next Steps: Work to commence on installation of new infrastructure Q3 2025





# Financial Performance 2024





# Statement of Financial Position

(in thousands of dollars)

	<u>Actual 2024</u>	<u>Actual 2023</u>
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 2,330	\$ 7,131
Accounts receivable	5,322	5,810
Portfolio investments (Note 4)	37,599	55,731
	<u>45,251</u>	<u>68,672</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	15,075	11,698
Performance deposits	1,830	996
Deferred revenue	1,267	128
Long term payable (Note 5)	36	44
Debenture debt (Note 6)	4,997	7,373
Asset retirement obligations (Note 7)	80	542
	<u>23,285</u>	<u>20,781</u>
<b>Net Financial Assets</b>	<u>21,966</u>	<u>47,891</u>
<b>Non-Financial Assets</b>		
Prepaid expenses	724	241
Inventory	525	437
Work in progress (Note 8)	69,480	23,463
Tangible capital assets (Note 9)	154,575	153,716
	<u>225,304</u>	<u>177,857</u>
<b>Accumulated Surplus</b>	<u>247,270</u>	<u>225,748</u>
Accumulated surplus is comprised of		
Accumulated surplus (Note 10)	247,358	223,602
Accumulated remeasurement gain (loss)	(88)	2,146
<b>Accumulated Surplus, end of year</b>	<u>\$ 247,270</u>	<u>\$ 225,748</u>





# Statement of Operations and Accumulated Surplus

(in thousands of dollars)

	Budget 2024	Actual 2024	Actual 2023
	(Note 18)		
<b>Revenue</b>			
Sale of services (Note 14)	\$ 27,261	\$ 27,072	\$ 25,188
Interest earned	908	2,036	1,917
Government transfers (Note 15)	9,159	3,872	5,178
Actuarial increase	-	479	404
	<u>37,328</u>	<u>33,459</u>	<u>32,687</u>
Airport improvement fee (Note 16)	23,651	24,654	22,892
	<u>60,979</u>	<u>58,113</u>	<u>55,579</u>
<b>Expenses (Note 17)</b>			
Administration	7,601	6,929	4,960
Interest	584	584	584
Terminal operations	6,542	7,822	7,661
Airport improvement fee	-	6,368	6,041
Airport policing	242	242	230
Groundside operations	6,068	6,701	5,792
Airside operations	4,948	5,671	5,140
Write-down of tangible capital assets	-	40	213
	<u>25,985</u>	<u>34,357</u>	<u>30,621</u>
<b>Annual Surplus</b>	\$ 34,994	23,756	24,958
Accumulated surplus, beginning of year	223,602	223,602	198,644
<b>Accumulated surplus, end of year</b>	<u>\$ 258,596</u>	<u>\$ 247,358</u>	<u>\$ 223,602</u>



# Statement of Cash Flows

(in thousands of dollars)

	Actual 2024	Actual 2023
<b>Net inflow (outflow) of cash and cash equivalents related to the following activities:</b>		
<b>Operating</b>		
Annual surplus	\$ 23,756	\$ 24,958
Adjustments for non-cash items		
Amortization of tangible capital assets	9,269	8,864
Accretion on asset retirement obligation	(327)	20
Actuarial adjustment on debenture debt	(479)	(404)
Writedown of tangible capital assets	40	213
Changes in assets and liabilities		
Accounts receivable	488	5,616
Inventory and prepaid expenses	(571)	(124)
Accounts payable and accrued liabilities	3,377	5,747
Performance deposits	834	67
Deferred revenue	1,139	(397)
	<u>37,526</u>	<u>44,560</u>
<b>Capital</b>		
Acquisition of tangible capital assets	<u>(56,320)</u>	<u>(25,352)</u>
<b>Investing</b>		
Disposition (purchase) of portfolio investments	<u>15,898</u>	<u>(15,045)</u>
<b>Financing</b>		
Repayment of long term payable	(8)	(349)
Repayment of debenture debt	(1,897)	(1,898)
	<u>(1,905)</u>	<u>(2,247)</u>
<b>Net increase in cash and cash equivalents</b>	<b>(4,801)</b>	<b>1,916</b>
Cash and cash equivalents, beginning of year	<u>7,131</u>	<u>5,215</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,330</b>	<b>\$ 7,131</b>

# Questions





# Recommendations







# Recommendations

- ✈ THAT the Airport Advisory Committee receive, for information, the report from Kelowna International Airport, presented on April 10, 2025.



 **YLW**  
Kelowna International Airport