

Report to Council



Date: February 6, 2017

File: 1140-50

To: City Manager

From: Shayne Dyrdal, Senior Finance & Corporate Services Manager

Subject: Royal Star Enterprises Inc. – Sublease with respect to the operation of a public car parking facility at Kelowna International Airport
Report Prepared by: Toni McQueenie, Airport Administration Manager

Recommendation:

THAT Council approves the City entering into a new sublease agreement with Royal Star Enterprises Inc. for the operation and maintenance of a public car parking facility at Kelowna International Airport in the form attached to the report of the Senior Airport Finance & Corporate Services Manager dated February 6, 2017.

AND THAT the Mayor and City Clerk be authorized to execute the sublease agreement.

Purpose:

To obtain Council's approval for the City to enter into a sublease agreement with Royal Star Enterprises Inc. with respect to the operation of the public car parking facility at Kelowna International Airport.

Background:

The City of Kelowna and Royal Star Enterprises Inc. ("Royal Star") first entered into a sublease agreement with respect to the operation of the public car parking facility at Kelowna International Airport on April 1, 1989. Since that time, Royal Star has been the successful proponent in all subsequent Request for Proposal processes conducted by the City. The current agreement expired on August 31, 2016 and is in over-holding.

In October 2016, an open Negotiated Request for Proposal process for the provision of the operation and maintenance of a public car parking facility was carried out by the City of Kelowna's Purchasing Department in conjunction with Kelowna International Airport management. Three qualified proposals were received and Royal Star was selected as the successful proponent.

Kelowna International Airport's parking facilities consist of a short-term lot, long-term lot, north lot and meter stalls. Revenues from Kelowna International Airport's parking facilities were approximately \$5.3 million in 2015 and are anticipated to be approximately \$5.6 million in 2016.

Legal/Statutory Procedural Requirements:

Notice of disposition of City-owned land has been published pursuant to Section 26 of the *Community Charter*.

Financial/Budgetary Considerations:

Revenue will be calculated and paid to the City as a percentage of gross parking revenue based on the following percentages:

2017	86.73%
2018	87.06%
2019	87.35%
2020	87.62%
2021	87.87%

For the twelve months ended December 31, 2016, Kelowna International Airport earned revenues equivalent to 85.71% of gross revenues.

Internal Circulation:

Sam Samaddar, Airport Director

Considerations not applicable to this report:

Legal/Statutory Authority: N/A

Existing Policy: N/A

Personnel Implications: N/A

External Agency/Public Comments: N/A

Communications Comments: N/A

Alternate Recommendation: N/A

Submitted by:

S. Dyrdal, Senior Finance & Corporate Services Manager

Approved for inclusion:



S. Samaddar, Airport Director
R. Mattiussi, City Manager

cc: Tim Plante, Purchasing Department