

Report to Council



Date: February 6, 2017

File: 1140-50

To: City Manager

From: Shayne Dyrdal, Senior Airport Finance & Corporate Services Manager

Subject: Kelowna Glycol Facilities Corporation Sublease of space at Kelowna International Airport
Report Prepared by: Toni McQueenie, Airport Administration Manager

Recommendation:

THAT COUNCIL approves entering into a Sublease with Kelowna Glycol Facilities Corporation over a portion of land at Kelowna International Airport for the operation of a glycol facility, as set out in Appendix A 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.

Purpose:

To obtain Council's approval of a Sublease with Kelowna Glycol Facilities Corporation over a portion of land at Kelowna International Airport (the "Airport") for the operation of the glycol facility at the Airport.

Background:

Ethylene glycol also known as glycol is a chemical used to de-ice aircraft. In the past, glycol was stored in various locations at the Airport until December 2002 when Kelowna City Council approved a Sublease between the City of Kelowna and Westjet Airlines, Jazz Air Inc., and Horizon Air for the common-use glycol storage facility that was located on the main commercial apron at the Airport. The land and facility were owned by the City and operated as a joint venture by the airlines.

The term of the Sublease was 1 year and it has been in overholding since 2003.

In 2015 a capital project was undertaken to relocate the glycol facility from the north end of the apron to the south end.

At the same time, a decision was made by the airlines to shift the day-to-day operation of the glycol facility to a third party. Accordingly, the airlines formed a new corporation under the name Kelowna Glycol Facilities Corporation and hired FSM Management Group Inc. to run the glycol facility. The land and facility continue to be owned by the City and the operation is now run by FSM Management Group Inc. on behalf of the joint airline corporation. The term of the new Sublease is 4 years and 10 months with 3 5-year renewal options. The Sublease area is 354 square metres and the Subtenant will pay the City rent of \$1,517.59 per annum plus annual increases in accordance with Airport Fees Bylaw No. 7982.

The new glycol facility has been constructed to meet the latest environmental standards.

Legal/Statutory Authority:

The form of sublease has been approved by the City's solicitor.

Transport Canada has provided preliminary consent to the Sublease.

Public Notice has been posted pursuant to Section 26 of the *Community Charter*.

Considerations not applicable to this report:

Internal Circulation: N/A

Legal/Statutory Procedural Requirements: N/A

Existing Policy: N/A

Financial/Budgetary Considerations: 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