

CITY OF KELOWNA

MEMORANDUM

DATE: April 26, 2002

File: 2380-20-8116
0550-05

TO: City Manager

FROM: Assistant Airport General Manager

SUBJECT: KELOWNA T-HANGARS INC. LAND SUB-LEASE FOR T-HANGAR FACILITY

RECOMMENDATION

THAT Council approve entering into a sub-lease for approximately 56,928.98 square feet of land at the Kelowna International Airport with Kelowna T-Hangars Inc.;

AND THAT Council authorize the Mayor and City Clerk to sign the land sub-lease on behalf of the City of Kelowna;

AND THAT Council direct staff to prepare the sub-lease authorization for the required counter petition procedure.

BACKGROUND AND COMMENTS

The airport receives many expressions of interest in the provision of a t-hangar facility from both developers and aircraft owners. Mr. Kyle Reeves of Qualicum Beach, B.C., the President of a private company called Aero Hangars (2001) Inc., has submitted a development plan to build a t-hangar complex on land at the midpoint of the airport north of Kelowna Flightcraft, similar to those his company has successfully constructed at the Qualicum, Victoria, Pitt Meadows, Kamloops and Vernon airports.

The t-hangar complex at the Kelowna International Airport will be incorporated as Kelowna T-Hangars Inc., a separate corporate entity of Aero Hangars (2001) Inc. Units within the hangars will be sold to individual purchasers who will then become shareholders within Kelowna T-Hangars Inc.

The complex will consist of two adjacent buildings capable of housing up to 12 aircraft per hangar. This will be the first t-hangar development on the airport with an investment by Aero Hangars (2001) Inc. of \$750,000.00.

The proposed area of the sub-lease will be approximately 56,928 square feet and the maximum term we are recommending is 20 years. A rental rate of \$0.22 per square foot per annum and an airport maintenance charge (AMC) of \$0.02244 per square foot per annum will be charged for the portion remaining of the 2002 calendar year, with annual increases of two percent in rent and AMC commencing January 1, 2003. The rental revenue calculated for the entire year of 2002 is \$12,524.28 and \$1,277.40 for AMC.

Sam Samaddar

/jmj