

**CITY OF KELOWNA**  
**MEMORANDUM**

**DATE:** July 10, 2003

File: 2380-20-8037  
0550-05

**TO:** City Manager

**FROM:** Assistant Airport General Manager

**SUBJECT: SHELL CANADA PRODUCTS – LAND SUB-LEASE  
– KELOWNA INTERNATIONAL AIRPORT**

**RECOMMENDATION**

THAT Council approve entering into a new land sub-lease with Shell Canada Products for an aviation fuel and lubricating oil bulk storage facility to service general aviation, commercial and corporate aircraft at the Kelowna International Airport;

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

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

**BACKGROUND AND COMMENTS**

In 1983, Council approved a land sub-lease with Shell Canada Limited for a fuel storage facility at the Airport, renewable on a yearly basis.

In 1986, the assignment of Shell Canada Limited to Shell Canada Products Limited was approved by Council.

Shell Canada in 1996/1997 invested \$500,000 into the facility to remove the existing bulk fuel storage system and associated environmental contamination. They replaced it with a state-of-the-art bulk storage facility complete with an environmental monitoring system.

In recent months, Shell has entered into a new long term relationship with Carson Air at their new hangar and is launching their Shell Aerocentre in August of 2003.

The Aerocentre is a full service fixed based operator designed to service the corporate and general aviation community.

Shell Canada intends to invest an additional \$175,000 in 2003 to add an Avgas tank to the existing bulk storage facility. This facility will house the entire bulk storage system for Shell and support its Aerocentre operations.

Given the investment in the Aerocentre and the bulk storage fuel facility, we are recommending a 10 year term for a new sub-lease on the existing bulk fuel storage facility.

The rental rates and airport maintenance charge will be as previously approved by Council on November 20, 2000. The land rental for 2003 is \$0.4297 per square foot and the airport maintenance charge is \$0.0229 per square foot. There will be annual adjustments of 2% effective January 1, 2004.

In addition, the airport receives fuel concession fees from Shell Canada of \$0.0501 cents per litre for aviation gasoline and \$0.0123 cents per litre of aircraft engine crankcase lubricating oil.

S. Samaddar

SS/cdu