

CITY OF KELOWNA

MEMORANDUM

DATE: September 28, 2004

File: 0550-05
2380-20-8127

TO: City Manager

FROM: Assistant Airport General Manager

SUBJECT: AIR TERMINAL BUILDING SPACE SUB-LEASE AND AIRPORT USE AGREEMENT FOR REGIONAL 1 AIRLINES LTD.

RECOMMENDATION

THAT Council authorize the Mayor and City Clerk to sign the Air Terminal Building Space Sub-Lease and the Air Carrier Airport Use Agreement allowing Regional 1 Airlines Ltd. to operate at the Kelowna International Airport.

BACKGROUND AND COMMENTS

Regional 1 Airlines Ltd., formerly known as Westpoint Airlines, has been an established entity in the charter business based out of Calgary.

It has operated Dash-8 charters in Canada and the Caribbean since August, 2003. Regional 1 Airlines Ltd. now wishes to serve the smaller domestic markets which it believes have been abandoned or under-serviced by the major carriers.

Starting with one Dash-8 aircraft and another in reserve, Regional 1 Airlines Ltd. will begin service on October 6, 2004. They will be offering scheduled service 6 days/week out of Lethbridge and Red Deer to Kelowna and Vancouver - South Terminal.

The Airport Use Agreement, approved by the City Solicitor in 1996, was authorized by City Council in September 1996 and allows the Mayor and City Clerk to sign with new entrant air carriers wishing to operate at our airport. It requires the provision of a security deposit equivalent to the sum of three months landing and general terminal fees before commencing operations.

The air terminal building space sub-lease provides for the use of one room and corridor for office space which will result in monthly rent payments of approximately \$328.59, plus additional monthly common-use charges for the baggage makeup, outgoing baggage belt, and apron equipment parking areas based on passenger volumes. The term of the air terminal building space sub-lease has been set on a month-to-month basis.

S. Samaddar

SS/cdu