

**CITY OF KELOWNA**

**MEMORANDUM**

**DATE:** December 7, 2004

File: 0550-05  
2380-20-8090

**TO:** City Manager

**FROM:** Assistant Airport General Manager

**SUBJECT: SKYWAY CONCESSION REDEVELOPMENT - KELOWNA INT'L AIRPORT**

**RECOMMENDATION**

**THAT**, Council approve extending the Skyway Gourmet Ventures Inc. (Skyway) airport sub-lease for an additional four years beyond its current expiry of December 31, 2012.

**AND THAT** Council authorizes the Mayor and City Clerk to sign a supplemental agreement on behalf of the City covering these arrangements.

**BACKGROUND AND COMMENTS**

The customer satisfaction and benchmarking surveys completed in both October, 2003 & 2004, resulted in Kelowna getting an exceptional first place ranking of the airports that participated in the study.

One of the areas that the passengers felt Kelowna needed to improve on was retail, both in terms of the quality and the variety of retail services offered.

In our discussions with Skyway, they have put together a proposal which will achieve the improvements that our customers are looking for.

Essentially, the existing gift and boutique store will be completely renovated and re-oriented to serve passengers from the Departure Room, post-Security.

The Skyway café and bar located in the Departure Room will be improved by promoting the food and beverage offering including both hot food as well as “grab and go” items. The retail and confectionary items will be relocated to the gift & boutique store.

A new pre-Security concourse retail facility will be developed across from WestJet by converting space previously used for administrative support space. The new newsstand and bookstore will feature newspapers, books, and confectionary items.

Since 1996, Skyway has invested \$642,000 into capital renovations and equipment, some of which had to be written off as part of the major Air Terminal Building Expansion project completed in 2000. Skyway has proposed a financial commitment of \$150,000 for this renovation proposal which includes the cost of refurbishing the existing gift store, Skyway café and bar, and building the new news and book outlet.

Since taking over the concessions, Skyway has provided a consistently high level of customer service. This project will address both the customers' concerns in the area of retail and provide additional retail space.

The addition of more retail space will put Kelowna more in line with such airports as Victoria and Regina in this regard. With the new security measures, revenues at post-Security concessions have outpaced pre-Security concessions at a rate of 20-30%.

This extension recognizes Skyway's additional investment, while reducing the capital that would have to be invested by the City. This will further the partnership between Skyway and the City.

S. Samaddar

SS/cdu