

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

**DATE:** March 7, 2005

File: 0550-05  
1220-20

**TO:** City Manager

**FROM:** Assistant Airport General Manager

**SUBJECT: 2005/2010 VEHICLE CONCESSION TENDER – KELOWNA INT’L AIRPORT**

THAT Council approve an increase in the vehicle concession fee to the greater of 10% of annual gross revenue or a tendered annual minimum guarantee;

AND THAT Council approve capping the recovery fee that the vehicle rental companies charge their customers at a maximum of 11%;

AND THAT Council approve amending Bylaw No. 7982 to reflect the increase in the concession fee and the capping of the vehicle rental company recovery fee.

**BACKGROUND AND COMMENTS**

The airport has 4 on site vehicle rental companies whose 5 year contracts expire in 2005. These companies currently pay a concession fee of the greater of 9% of their annual gross revenue or a tendered annual minimum guarantee. The industry has borne an average yearly concession fee of 9.74% of gross revenue over the past 5 years due to annual minimum guarantees.

The concession fee the airport charges the vehicle rental companies has not been increased in 10 years. In addition, the proposed 10% fee is in line with our status as a low cost airport with Victoria, Abbotsford, London, Regina, Saskatoon, St. Johns and Edmonton airports being confirmed with a fee of 10.5% or higher.

An industry wide practise has developed where vehicle rental companies back charge airport fees to their customers. This practise is specific to airports and the amount back charged by each company varies. We propose that the amount on site vehicle rental companies can back charge be limited to a maximum of 11% which standardizes the recovery charged directly to the customer and provides protection to the travelling public from inflated fees.

S. Samaddar

NR/RS/cdu