

CITY OF KELOWNA

M E M O R A N D U M

DATE: November 9, 2006
TO: City Manager
FROM: Airport General Manager
SUBJECT: **AIRPORT & GROUND HANDLER LICENCE FEES**

File: 0550-05

RECOMMENDATION

THAT effective January 1, 2007 Council approve licensing Ground Handling operations at the Airport and adding Ground Handler Licence Fees to Airport Fees Bylaw No. 7982 as follows:

24. GROUND HANDLER LICENCE FEE

Ground Handler Licence will be charged 2.5% of gross revenue for the right to perform "third party" handler services for scheduled and charter air carrier operations at the Airport.

AND THAT staff be instructed to amend the Airport Fee Bylaw No. 7982 in accordance with this recommendation.

BACKGROUND AND COMMENTS

The majority of scheduled air carriers and charter air carries operating into the Airport sub-contract their ground handling to a "third party" company. This service includes the baggage and ground operations for the air carrier but can also include passenger check-in and boarding services as well.

The Ground Handler Licence Agreement will provide Airport Management direct oversight to the Ground Handler operations which currently are handled through the air carrier and provide the City risk & liability protection directly with Ground Handlers in addition to the Air Carrier liability protection. The licence agreement has been reviewed by the Airport's legal advisor.

Current Ground Handler operators have been consulted with during the consultation and investigation process and are in agreement with this recommendation. Air carriers who elect to provide their own ground handling service will continue to be allowed to do so under their Air Carrier Use Agreement.

The forecast revenue from these licences in year one would be approximately \$21,250.00 and the Ground Handler companies will be subject to a three month security deposit held by the City.



R. Sellick
RS/DF/lab