
CITY OF KELOWNA

MEMORANDUM

Date: September 10, 2007

File No.: 0550-05
6640-02

To: City Manager

From: Airport General Manager & Director of Financial Services

Subject: 2010 AIRPORT DEVELOPMENT PROGRAM

RECOMMENDATION:

THAT Council approve the 2010 Airport Development Program;

AND THAT Council authorize the administration to retain the services of a multi-disciplined consulting company with demonstrated experience in successfully delivering airport development programs to design, supervise and commission the individual program elements;

AND THAT Loan Authorization Bylaw No. 9867 be advanced for Council consideration.

BACKGROUND:

Passenger activity is forecast to grow to 1.6 million passengers by 2015. It is proposed to accommodate this growth by:

1. Improving ground access;
2. Expanding bus parking;
3. Increasing paved vehicle parking to 2,500 stalls;
4. Constructing a new car rental terminal;
5. Constructing a new 250 passenger per hour international concourse;
6. Adding two new aircraft loading bridges;
7. Extending the runway to 8,900 feet.

These proposals are consistent with the Airport Master Plan which envisaged a magnitude of cost estimate at approximately \$35.5 million.

It is considered essential to retain a multi-disciplined consulting company with airport experience in order for this complex program to be delivered on time and on budget while ensuring continuous airport operations. This assignment would not include the runway extension project which has been previously awarded to EBA Engineering.

FINANCIAL/BUDGETARY CONSIDERATIONS:

The projects included in the 2010 Airport Development Program are projects that are funded from Airport Improvement Fee revenues. To accommodate this expansion, it will be necessary to change from the existing process of internal financing for the AIF program to borrowing through the Municipal

Finance Authority. Using capital models, various financing options were considered and a combination of five and ten year borrowing terms will provide the Airport with the most efficient repayment program. The total borrowing required is \$45 million which also includes funding for a portion of the 2007 expenditures. At the start of 2007 there was \$9.6 million funded from internal sources (reserves) and based on revenue projections with the \$10 AIF charge, the Airport will repay all borrowing by 2017. A loan authorization bylaw will follow to obtain the necessary approvals for the financing strategy.

EXTERNAL AGENCY/PUBLIC COMMENTS:

At their meeting on March 13th, 2007 the Airport Advisory Committee approved the 2010 Airport Development Program.

The 2010 Airport Development Program was reviewed with the Airline Consultative Committee at a meeting on March 27th, 2007 and the committee has indicated their concurrence with the program by letter dated August 2, 2007.

Considerations that were not applicable to this report:

INTERNAL CIRCULATION TO: N/A

LEGAL/STATUTORY AUTHORITY: N/A

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS: N/A

EXISTING POLICY: N/A

PERSONNEL IMPLICATIONS: N/A

TECHNICAL REQUIREMENTS: N/A

ALTERNATE RECOMMENDATION: N/A

Submitted by:



R. Sellick
Airport General Manager



P. Macklem
Director of Financial Services

RS/nr

Approved for Inclusion:



[the department director initials here]