



**Port of Seattle Commission**

**SPECIAL MEETING**

**October 10, 2023 – 9:00 a.m.**

To be held at the Port of Seattle Headquarters Administration Building, Pier 69, First Floor Commission Chambers, located at: 2711 Alaskan Way, Seattle, WA, 98121, and virtually through Microsoft Teams. To listen live, call in at +1 (425) 660-9954, (833) 209-2690, and Conference ID 733 638 742#

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**Port of Seattle Commissioners:**

*Ryan Calkins; Sam Cho; Fred Felleman; Toshiko Hasegawa, Hamdi Mohamed*

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- I. CALL TO ORDER – 9:00 A.M.
- II. STUDY SESSION RE: 2024 AVIATION DIVISION OPERATING AND CAPITAL BUDGETS  
([memo](#) and [presentation](#) enclosed)
- III. ADJOURNMENT



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** Study Session

**BRIEFING ITEM**

**Date of Meeting** October 10, 2023

**DATE:** September 27, 2023

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Lance Lyttle, Managing Director, Aviation Division  
Hiedi Popochock, Director, Aviation Finance & Budget

**SUBJECT: 2024 Aviation Division Operating and Capital Improvement Program (CIP)  
Budgets Briefing**

**EXECUTIVE SUMMARY**

The purpose of this briefing is to discuss with the Commission the 2024 preliminary operating and CIP budgets for Aviation Division. Staff would also like to seek the Commission’s feedback on the preliminary budgets.

This is one of a series of budget briefings to the Commission starting in July. Staff also plans to discuss the three operating divisions’ operating and capital budgets on October 10, 2023, and the 2024 Tax Levy and Draft Plan of Finance on October 24, 2023, prior to the formal Commission reviews and approvals of the 2024 budget in November.

**ATTACHMENTS TO THIS BRIEFING**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- July 25, 2023 – 2024 Budget Development Briefing
- July 24, 2023 – Commission 2024 Budget Planning Retreat
- September 26, 2023 – Central Services 2024 Preliminary Budget and Port-wide Rollup Briefing



Seattle-Tacoma  
International  
Airport

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# AVIATION DIVISION

## 2024 Preliminary Operating & Capital Budget

### Commission Study Session

### October 10, 2023

# Outline for Aviation Division Presentation

- Strategy to Budget
- Strategic Priorities
- Budget Overview
- Operating Budget
- 2024 – 2028 Capital Forecast
- 2024 – 2028 Financial Forecast
- Appendix

# Century Agenda Drives Division Plans and Budgets

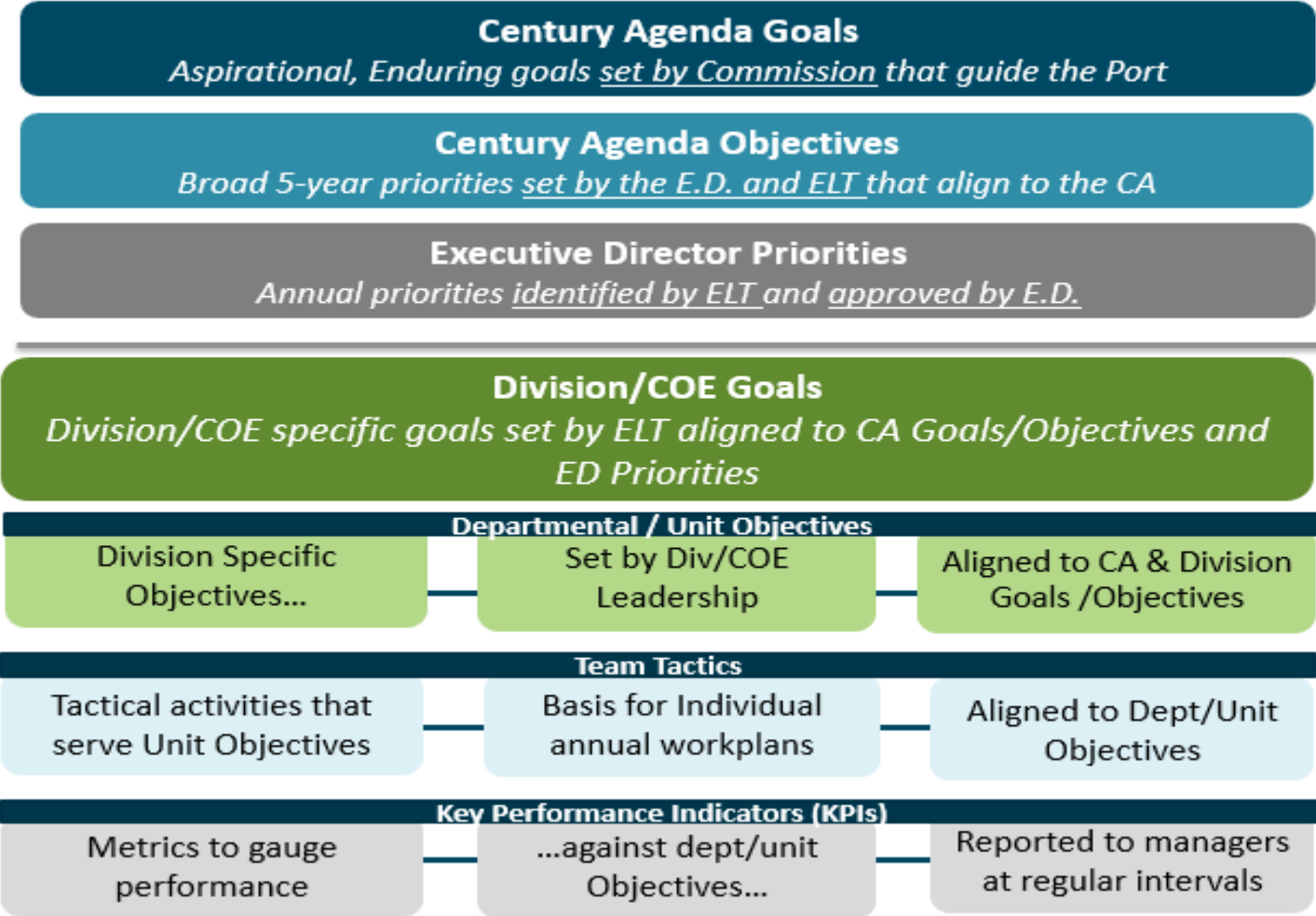
## Port-wide Strategic Alignment under the Century Agenda

The Century Agenda (CA) is the guiding force behind Port business planning initiatives.

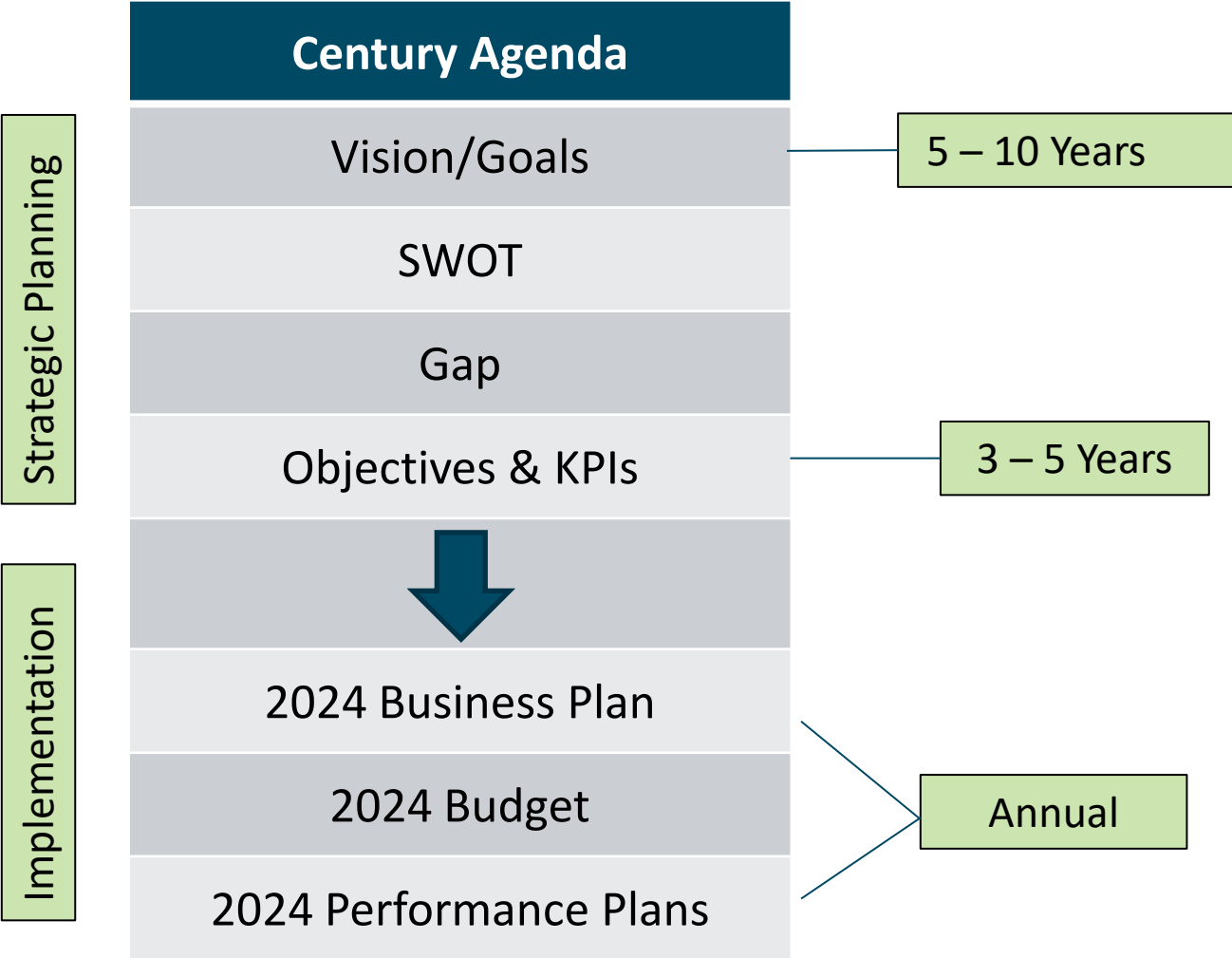
Widely embraced throughout the Port, Directors and Managers ensure vertical alignment of their operations and initiatives under the CA.

The Executive Director Priorities (EDPs) are the initiatives identified each year as being most important or impactful.

By aligning all our work under the CA, all Port staff can see and understand how their individual work contributes to Port goals.



# Strategy to Budget Process



# SWOT Profile

## Strengths:

- New Facilities: International Arrivals Facility and North Satellite Gates
- Employees' ability to adapt and innovate
- SEA Brand, customer-focused culture

## Opportunities:

- Regional economy, demand for travel
- Emerging technologies to enhance customer experience
- Growth through AAG alliance with **Oneworld**
- Community priorities

## Weaknesses:

- Increasing airport cost to airlines/tenants
- Project construction impacts
- Capital program affordability; resources to deliver
- Staffing challenges

## Threats:

- Lingering pandemic uncertainties
- Volatile construction market, supply chains, increasing costs
- Delay on Sustainable Airport Master Plan environmental review
- High inflation and risk of recession

# Aviation Division Strategic Focus Areas

## Strategic Focus Areas

1. Health and Safety
2. Security
3. Employee Engagement
4. Community
5. Innovations and Operational Efficiencies
6. Economic Opportunities and Social Responsibility
7. Customer Experience
8. Environment and Sustainability
9. Financial Sustainability
10. Asset Management, Capital Development & Delivery





# Setting Aviation Division Priorities for 2024

- **Reviewed and updated for each of ten focus areas:**
  - Vision and long-term goals
  - 2024 Objectives
- **Set priorities for 2024:**
  - Must Do/Regulatory
  - Wildly Important Goals (WIGs)
  - Pretty Important Goals (PIGs)

# Must Do/Regulatory

1. **Health & Safety** - Zero Major, Intermediate or Repeat Part 139 discrepancies during annual certification inspection.
2. **Security:**
  - a) Increase total stakeholders (employees) screened by **TBD%** daily.
  - b) Meet all 2024 TSA security directives.
  - c) Upgrade/renew credentialing platform.

# Must Do/Regulatory

- 3. Community** - 23% completion, 2014 approved Part 150 noise remedy program, by end of Q4.
- 4. Environment & Sustainability** - Meet or exceed all permit conditions for stormwater, wastewater, land stewardship, point source air emissions, water conservation, and hazardous materials/wastes.

# Wildly Important Goals (WIGs)

- 1. Health & Safety** - Achieve 5% reduction from the previous year in SMS major incident rate (airport workers).
- 2. Employee Engagement** - Implement Port-Wide Employee Engagement Survey Action Plans from the 2023 results.
- 3. Innovations & Operational Efficiencies** - 80% of people experience a TSA line wait less than 30 minutes.



# Wildly Important Goals (WIGs)

- 4. Customer Experience** - Exceed 2018 general customer satisfaction benchmark metric (3.97) in the Airport Service Quality (ASQ) survey.
- 5. Financial Sustainability** - Achieve debt service coverage >1.4x

# Pretty Important Goals (PIGs)

## 1. Security

- a. Receive conditional approval for safety act by Q4.
- b. Double the SEA Employer Signers to the Port's Allies Against Human Trafficking (AAHT) pledge.
- c. Install CAT II equipment in TSA Check Points by Q4.
- d. Reduce the time by **TBD%** the time it takes to complete the badging process.

## 2. Employee Engagement

- a. Completed Aviation Division Workforce Staffing Plan by end of Q2.
- b. Host Employee Recognition & Appreciation events for Aviation employees.

## 3. Community - Meet 2024 milestones for StART Noise Working Group and Federal Policy Working Group initiatives.

# Pretty Important Goals (PIGs)

## 4. Innovations & Operational Efficiency

- a. 45 minutes processing time for international arrivals.
- b. Reduce 20- & 30-minute gate holds by 2% over 2023.
- c. Prioritize real estate needs from study into an actionable plan.
- d. 75% use of biometrics for passengers.
- e. Conduct 4 Shark Tanks during 2024 incorporating the Acceleration Program into the process – Q4.
- f. Each department implements one annual innovation or process improvement – Q4.
- g. Airport-Wide Special event Shark Tank (e.g., passenger flow).
- h. Develop Shark Tank Award Program.



# Pretty Important Goals (PIGs)

## 5. Economic Opportunities & Social Responsibilities

- a. Maintain a minimum 25% ACDBE share of ADR gross sales by end of Q4.
- b. Achieve **TBD%** DBE participation on FAA funded contracts.
- c. Achieve the WMBE goal of **TBD%** share of Aviation spending on all contracts.
- d. Achieve **TBD%** WMBE participation on Non-Construction services.

## 6. Customer Experience

- a. PETS Survey – develop baseline.
- b. Increase PETS score by **TBD%**
- c. Attract/announce one new airline service.

# Pretty Important Goals (PIGs)

## 7. Environmental & Sustainability

- a. Complete key strategies intended to make future progress toward Century Agenda energy use and carbon reduction goals.
- b. Achieve 2024 milestones for carbon and waste reduction and energy use strategies.

## 8. Financial Sustainability

- a. Build cash balance (ADF) to \$699 million by year-end (17 months of O&M).
- b. O&M spending for year < \$493.5 million budget.
- c. Non-aeronautical revenue > \$332.5 million budget; Non-aeronautical NOI > \$180.2 million budget.
- d. SLOA: Execute SLOA V agreement by Q4.

# Pretty Important Goals (PIGs)

## 9. Asset Management, Capital Development & Delivery

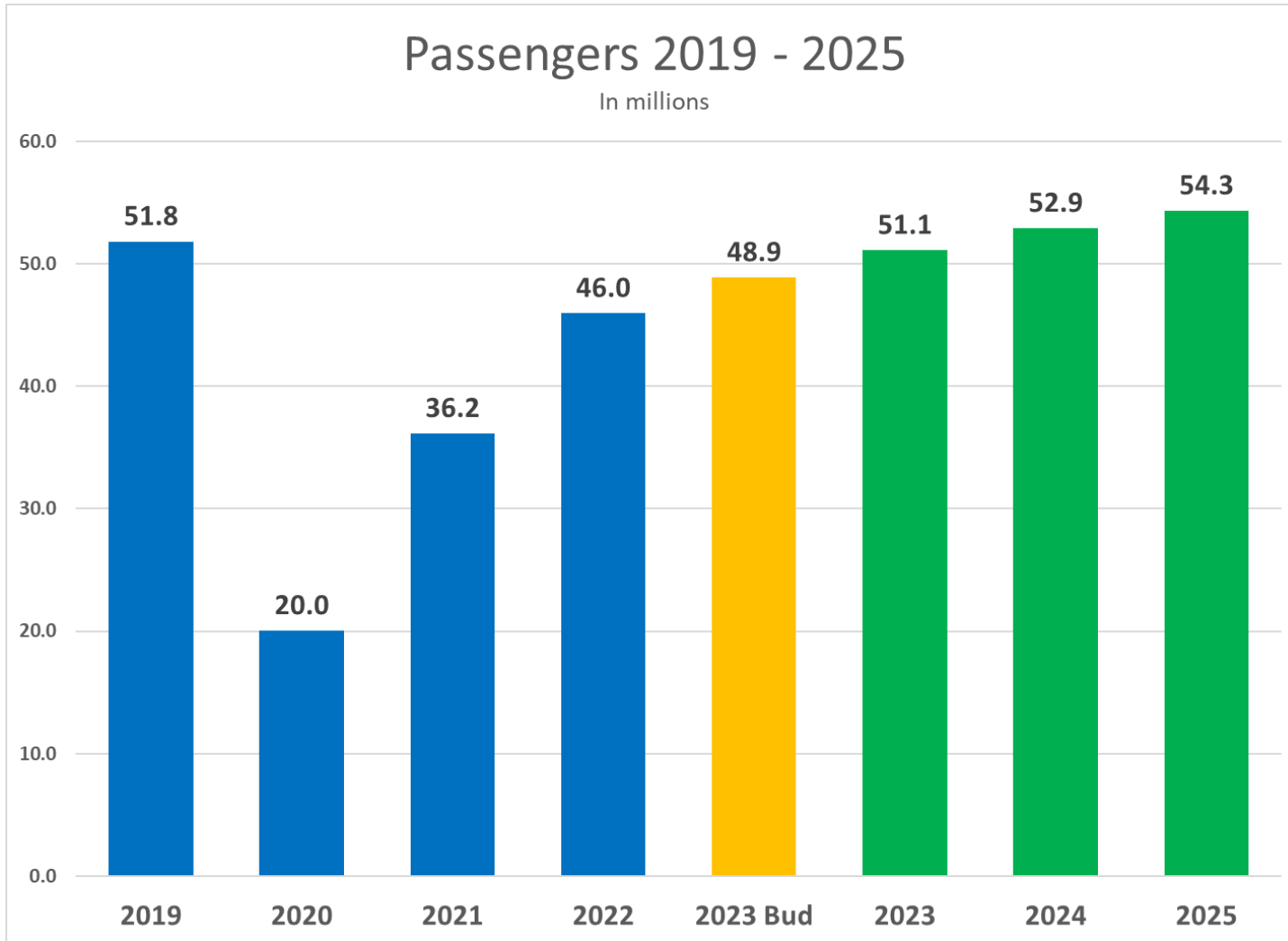
- a. Achieve all 2024 milestones for priority projects, planning studies and Asset Management by Q4.
- b. Achieve 75% of the Capital Program scheduled milestones in the 2024 Aviation Business Plan Objectives and Actions.
- c. Achieve 75% of planned expenditures for all CIP projects.

# 2024 AVIATION PRELIMINARY BUDGET OVERVIEW

# 2024 Aviation Division Preliminary Budget Context

- Passenger volume exceeds 2019 passenger level
- Non-Aeronautical revenues strong – well above 2019 level
- Planning for major capital program for next 5 – 10 years, so must increase capital capacity (how much we can afford):
  - Manage growth of costs
  - Consistently grow non-aeronautical revenues
- High inflation, baseline costs (payroll especially) growing
- Risk of economic recession

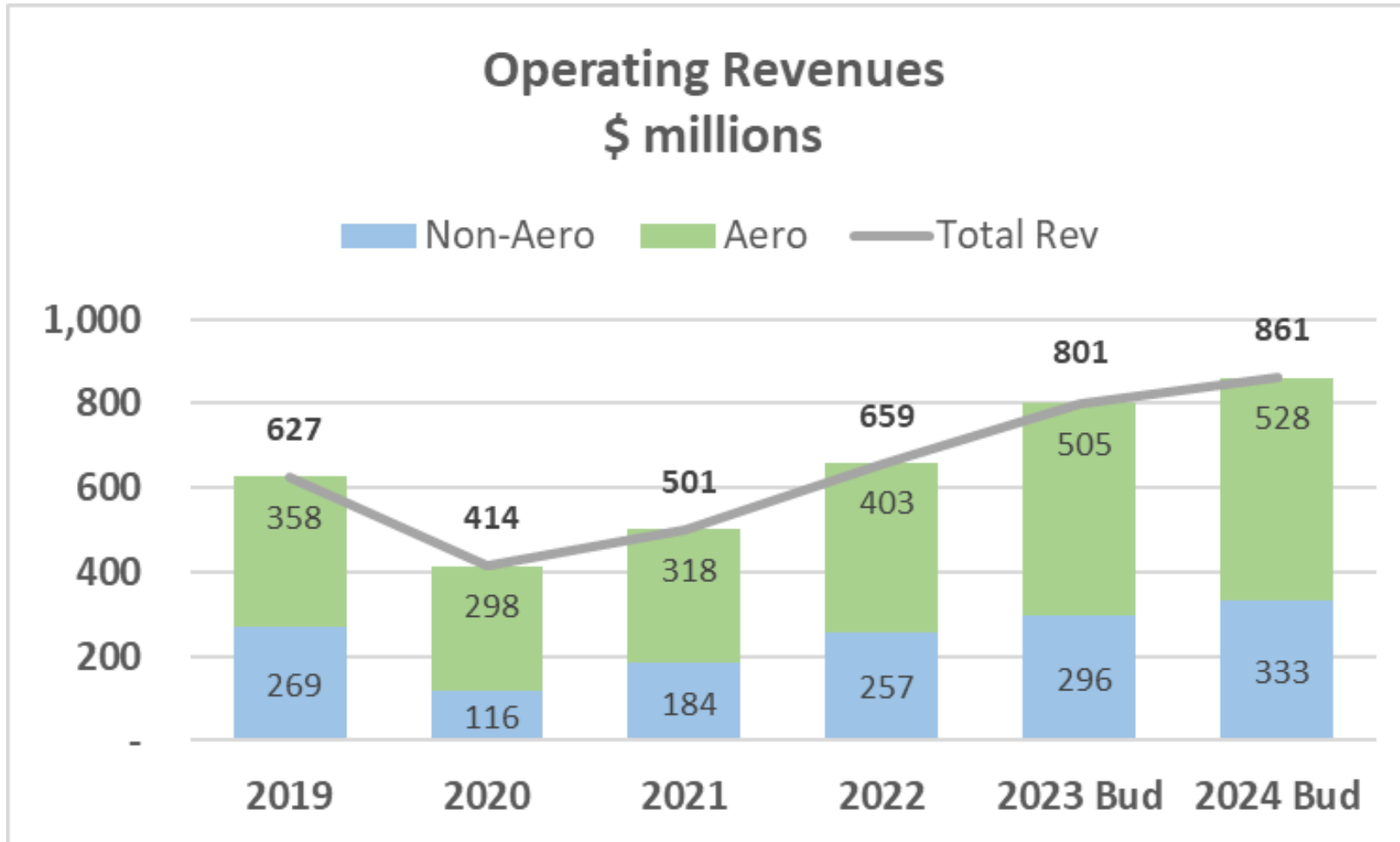
# Passenger Recovery Forecast



	Annual Change	Vs. 2019
<b>2020</b>	-61.3%	-61.3%
<b>2021</b>	80.4%	-30.2%
<b>2022</b>	27.1%	-11.3%
<b>2023 F</b>	11.2%	-1.4%
<b>2024 F</b>	3.5%	2.1%
<b>2025 F</b>	2.7%	4.9%

- 2023 forecast revised upward from the 2023 budget (within 1.4% of pre-pandemic 2019 levels)
- 2024 is expected to be 2.1% above 2019 passenger levels

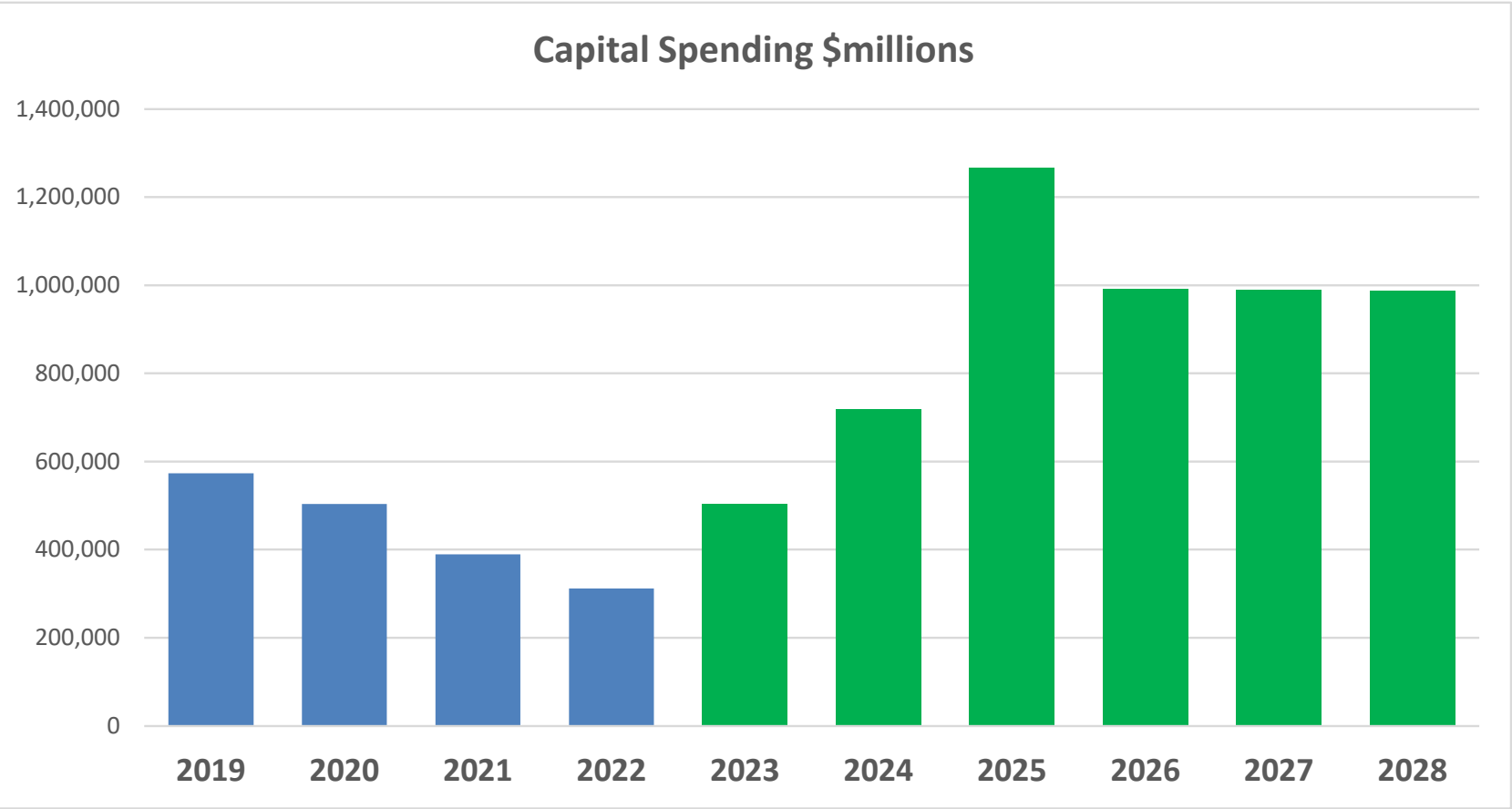
# Strong Operating Revenue Recovery



## 2024 Revenues:

- 7.5% above 2023 Budget
- 37% above 2019 Actuals
- Non-Aero revenue growing 12.5% compared to 2023 Budget
- Aero revenues are primarily cost recovery: costs are rising, and grant offsets are declining

# Preparing for Major Growth of Capital Program



- 2025 would be highest annual spending ever
- 2024 Operating budget will add resources to effectively plan and deliver growing capital program
- Forecast excludes Sustainable Airport Master Plan (SAMP) near-term projects



# Budget Summary and Key Indicators

Budget Summary (\$ in 000's)	2020	2021	2022	2023	2024	Incr (Decr) Change from 2023	
	Actual	Actual	Actual	Budget	Proposed Budget	\$	%
<b>Operating Revenue</b>							
Aeronautical Revenues	297,909	317,513	402,540	504,948	528,010	23,061	4.6%
Non-Aeronautical Revenues	116,473	183,819	256,613	296,102	332,930	36,828	12.4%
<b>Total Operating Revenues</b>	<b>414,382</b>	<b>501,332</b>	<b>659,153</b>	<b>801,051</b>	<b>860,940</b>	<b>59,889</b>	<b>7.5%</b>
<b>Total Operating Expenses</b>	<b>343,787</b>	<b>341,679</b>	<b>394,990</b>	<b>460,535</b>	<b>502,380</b>	<b>41,845</b>	<b>9.1%</b>
<b>Net Operating Income</b>	<b>70,595</b>	<b>159,652</b>	<b>264,163</b>	<b>340,515</b>	<b>358,560</b>	<b>18,044</b>	<b>5.3%</b>
Debt Service Coverage	1.40	1.69	2.64	1.87	1.88	0.01	0.5%
ADF Cash Balance - Months of O&M	10	12	14	15	17	2	13.3%
CPE	26.50	15.93	16.09	19.29	18.61	(0.68)	-3.5%
Non-Aero NOI (\$ in 000s)	93,175	93,175	135,483	156,216	179,726	23,510	15.0%
Enplaned passengers (in 000s)	10,044	18,073	22,966	24,444	26,457	2,014	8.2%
<b>Capital Expenditures (in 000s)</b>	<b>504,073</b>	<b>389,051</b>	<b>311,631</b>	<b>485,572</b>	<b>717,598</b>	<b>232,026</b>	<b>47.8%</b>

# 2024 PRELIMINARY OPERATING BUDGET

# Total Airport Expense Summary

Total Airport Expense Summary  (\$ in 000's)	2020	2021	2022	2023	2023	2024	Incr (Decr) Change from 2023	
	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$	%
<b>Operating Expenses</b>								
Payroll (excludes Pension Credit)	159,805	157,207	168,388	189,477	185,386	210,457	20,980	11.1%
Outside Services	63,922	62,382	75,064	102,366	98,064	114,803	12,437	12.1%
Utilities	15,695	20,175	22,880	22,321	22,211	23,938	1,617	7.2%
Charges to Capital	(21,812)	(22,399)	(20,460)	(32,920)	(25,233)	(37,214)	(4,294)	13.0%
Other Expenses	25,153	23,918	35,602	37,216	36,426	39,237	2,022	5.4%
<b>Total Airport Direct Charges</b>	<b>242,764</b>	<b>241,284</b>	<b>281,474</b>	<b>318,459</b>	<b>316,854</b>	<b>351,220</b>	<b>32,761</b>	<b>10.3%</b>
Environmental Remediation Liability	(2,361)	1,583	(1,274)	7,120	11,027	157	(6,963)	-97.8%
Airline Realignment	-	-	636	6,883	2,000	7,085	202	2.9%
Capital to Expense	2,588	1,254	2,356	-	470	-	-	
<b>Total Exceptions</b>	<b>227</b>	<b>2,837</b>	<b>1,718</b>	<b>14,003</b>	<b>13,497</b>	<b>7,242</b>	<b>(6,761)</b>	<b>-48.3%</b>
<b>Total Airport Expenses</b>	<b>242,990</b>	<b>244,121</b>	<b>283,191</b>	<b>332,462</b>	<b>330,352</b>	<b>358,463</b>	<b>26,001</b>	<b>7.8%</b>
Corporate	73,261	71,550	80,452	92,679	93,240	103,595	10,916	11.8%
Police	24,265	23,473	27,660	30,264	30,855	34,019	3,755	12.4%
Maritime/Economic Development/Other	3,271	2,536	3,687	5,131	5,139	6,304	1,173	22.9%
<b>Total Charges from Other Divisions</b>	<b>100,796</b>	<b>97,558</b>	<b>111,799</b>	<b>128,074</b>	<b>129,235</b>	<b>143,918</b>	<b>15,844</b>	<b>12.4%</b>
<b>Total Operating Expenses (Before Pension Credit)</b>	<b>343,787</b>	<b>341,679</b>	<b>394,990</b>	<b>460,535</b>	<b>459,586</b>	<b>502,380</b>	<b>41,845</b>	<b>9.1%</b>
Reduced by Pension Credit	(14,107)	(47,462)	(12,286)	-	-	-	-	
<b>Total Operating Expenses (After Pension Credit)</b>	<b>329,680</b>	<b>294,217</b>	<b>382,704</b>	<b>460,535</b>	<b>459,586</b>	<b>502,380</b>	<b>41,845</b>	<b>9.1%</b>

Pension credit shown separately from actual payroll costs in prior years

## Payroll:

- Represented staff contract increases
- 7% non-represented staff average COLA/PFP
- 5% payroll vacancy
- 39 new FTEs

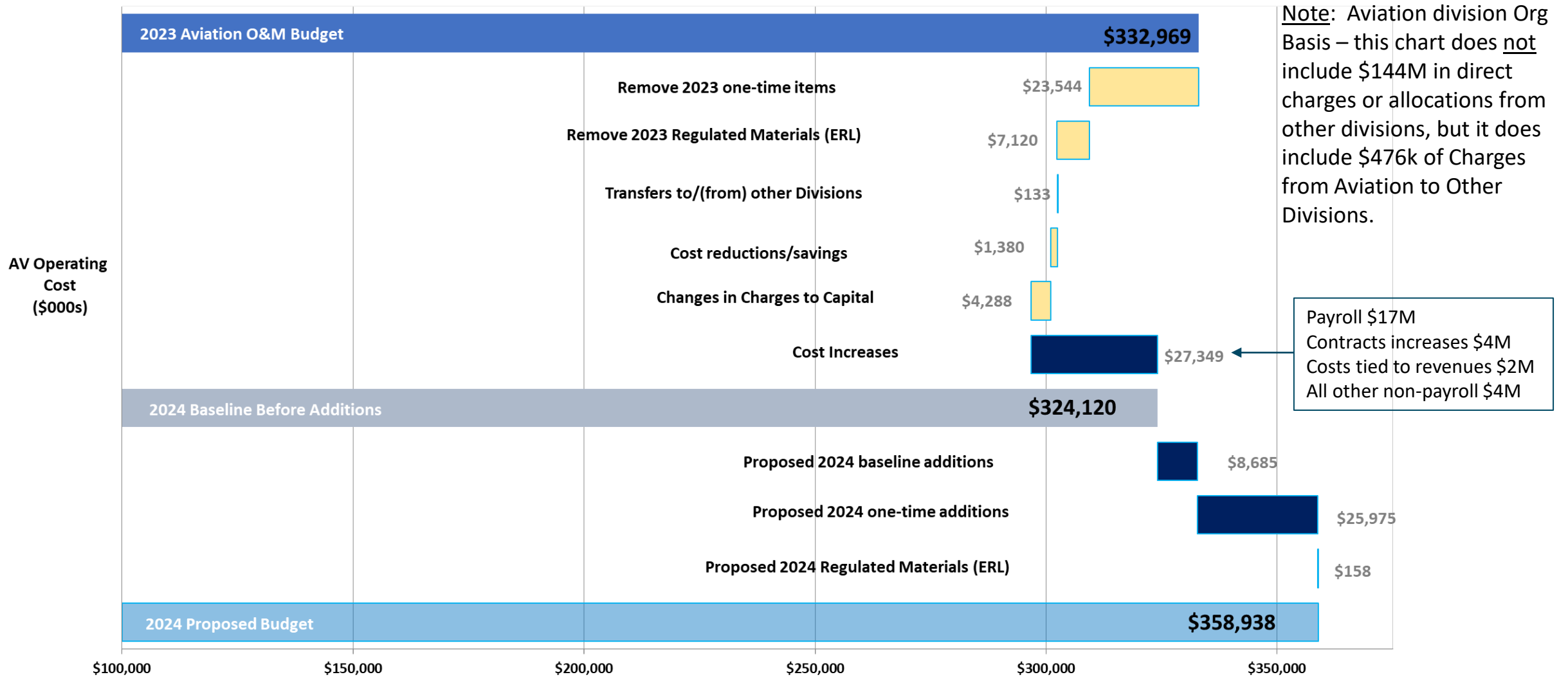
## Non-payroll

- Airline Realignment
- Other expenses related to Capital Projects
- Contractual increases



**9.1% expense growth  
over 2023 Budget**

# Aviation Operating Expense Budget Changes



# Approved Budget Requests by Strategic Focus

Budget Request Category	# of Requests	2024 Budget Requests			
		FTEs	Baseline	Non-Recurring	Total
Health and Safety	15	4	736,000	490,000	1,226,001
Security	5	2	195,653	175,376	371,029
Employee Engagement	3	-	12,285	29,250	41,535
Community	6	-	350,000	475,000	825,000
Innovations and Operational Efficiencies	12	1	380,642	707,167	1,087,809
Economic Opportunities and Social Responsibility	3	-	30,000	625,000	655,000
Customer Experience	20	29	6,175,936	956,548	7,132,484
Environment and Sustainability	19	-	275,000	6,240,000	6,515,000
Financial Sustainability	1	-	-	160,000	160,000
Asset Management, Capital Development and Delivery	17	3	529,931	16,117,236	16,647,167
<b>Grand Total</b>	<b>101</b>	<b>39</b>	<b>\$ 8,685,447</b>	<b>\$ 25,975,577</b>	<b>\$ 34,661,025</b>
<b>2024 Budget Requests - Initial Requested</b>	<b>210</b>	<b>82</b>	<b>\$ 17,025,363</b>	<b>\$ 35,527,923</b>	<b>\$ 52,553,287</b>

# Summary of Budget Requests

*All amounts in \$000*

<b>Expense Items</b>	<b><u>Requests</u></b>	<b><u>Approved</u></b>	<b><u>%</u></b>
Number	210	101	48%
Amount (\$000's)	\$52,553	\$34,661	66%
<b>Number of FTEs</b>			
Total FTEs	82	39	48%

<b>Category</b>	<b><u>Number of Requests</u></b>	<b><u>Amount in \$000's</u></b>
Musts/Regulatory	16	5,199
WIGs	20	5,036
PIGs	42	15,523
Airline Realignment	3	7,085
Other	20	1,818
<b>Total</b>	<b>101</b>	<b>\$34,661</b>

**WIGs** = Wildly Important Goals (top 2024 priorities)  
**PIGs** = Pretty Important Goals (other 2024 priorities)

# Largest Approved Budget Requests

- Significant portions of the Airline Realignment project are accounted for as expense
- Aviation Project Management Group (AVPMG) expenses and Planning work directly support growing capital program
- Many continuing initiatives are re-approved annually to manage scope and cost
- Air service incentives are contractual obligations.

<u>Description</u>	<u>Amount in \$000</u>
Airline Realignment	7,085
New FTEs (39)	4,947
AVPMG expenses tied to CIP's	3,429
Planning consultant support	2,225
Consultant PMs for tenant projects	1,715
SAMP near-term project work	1,530
Part 150 Noise and Land Use Study	1,500
Janitorial contract price increase	1,300
SmarteCarte IAF service contract increase	1,100
SAF co-benefits pilot project	1,000
New Air Service Incentives	575
PFAS investigation & mitigation planning	500
Airfield Pavement Inspection Program	500
Building Information Modeling (BIM) Consultant	500
Decarbonization Study (grant funded)	500
All Other	6,255
<b>Total</b>	<b><u>34,661</u></b>

# Other Highlighted Approved Budget Requests

<u>Description</u>	<u>in \$000's</u>	<u>Description</u>	<u>in \$000's</u>
<b>Health &amp; Safety</b>		<b>Customer Experience</b>	
Ramp Tower - additional coverage	200	Reimbursable Services Program increase - extending CBP coverage	250
Training and Certification increase	142	TSA Exit Lane Staffing Support	180
Fire Alarm Maintenance Equipment and Parts	120	Childcare Evaluation Services	100
Pre-Conditioned Air Balancing	100	Optiqo Smart RR QA Technology Contract Continuation	100
<b>Security</b>		<b>Environment &amp; Sustainability</b>	
SeeSay Airport App	140	Building Energy Efficiency Audit	300
<b>Community</b>		Utility Master Plan (Fire)	300
Celebration & Cultural Connections Events - Tenant Mktg Fund	350	Additional Renewable Natural Gase Supply (to maintain 50% GHG)	215
Celebration & Cultural Connections Events - airport share	150	NPDES permit renewal sampling	200
Commission Initiative - Hygiene Product Vending Machines	200	Water Quality Source Tracing Studies	100
Port Anti-Human Trafficking Initiative	100	<b>Financial Sustainability</b>	
<b>Innovations &amp; Operational Efficiencies</b>		Financial Consulting - SLOA V Negotiations	160
Asset Management Program Development - Consultation Services	350	<b>Asset Mgmt, Capital Development &amp; Delivery</b>	
Workforce Analysis	200	Rental Car Facility Condition Assessment	300
Innovation Implementation Funding, Additional	125	Control Support for Expense	150
		Small Works Construction Services - Add'l Funding	150



# Approved New FTEs

## Strategic FTE additions to achieve key initiatives

STRATEGIC FOCUS	Budget Request Title	FTEs	Budget Impact
Health & Safety	Fire Protection Engineer	1	57,631
	F&I - Intermediate Mechanical Engineer	1	83,327
	F&I - Principal Engineer	1	149,936
	Manager, SMS Safety Risk Mgmt	1	86,833
<b>Health &amp; Safety Total</b>		<b>4</b>	<b>377,727</b>
Security	Senior Operations Controller	2	160,653
<b>Security Total</b>		<b>2</b>	<b>160,653</b>
Innovations & Operational Efficiencies	Assistant Manager, Airfield Operations	1	124,047
<b>Innovations &amp; Operational Efficiencies Total</b>		<b>1</b>	<b>124,047</b>
Customer Experience	Mechanical Maintenance Engineers - primarily air (HVAC) and water systems	10	1,352,577
	Mechanical Maintenance Engineers - primarily baggage system and passenger loading bridges	11	1,487,834
	Baggage Operations Systems Specialists	2	228,692
	Laborer - Parking Garage coverage	1	86,124
	Landside Supervisor, Rental Car transit operations	1	111,417
	Electronic Technician - STS train coverage	1	136,427
	Pathfinders - temporary hires (4 @ 4-6 months ea)	2	136,500
	Technical Designer - Signage	1	90,175
<b>Customer Experience Total</b>		<b>29</b>	<b>3,629,746</b>
Asset Mgmt, Capital	Executive Program Management positions (TBD)	3	360,221
<b>Asset Mgmt, Capital Development &amp; Delivery Total</b>		<b>3</b>	<b>360,221</b>
<b>Grand Total</b>		<b>39</b>	<b>4,652,394</b>

# 2024 Operating Budget Uncertainties

- Economic: high inflation, risk of recession
- Aviation Division Preliminary Budget:
  - Payroll vacancy rate of 5%
  - Medical benefit rate increases
  - HR compensation project not yet complete, impact estimated
  - Employee parking
  - Snow event(s)
  - Potential new air service incentives
  - Potential impacts of PFAS
  - Environmental remediation liability costs

# Commissioner 2024 Budget Priorities

## **Pre-conditioned Air – \$100K**

To develop a plan for maintaining in-service time of pre-conditioned air system identified in the 2023 Pre-conditioned Air study.

## **Anti-Human Trafficking – \$100K**

To continue the Port's 3-year anti-human trafficking campaign efforts. The airport's share of the Port-wide costs is \$50K. Maritime and Corporate's share is \$25K each.

## **Access to affordable, high-quality childcare for Airport workers – \$100K**

To develop a Request for Proposal soliciting additional information and assistance from the childcare community on evaluating next steps.

## **Hygiene Product Vending Machines – \$200K**

To work with vendors to install dispensers in airport restrooms.



# Aeronautical NOI

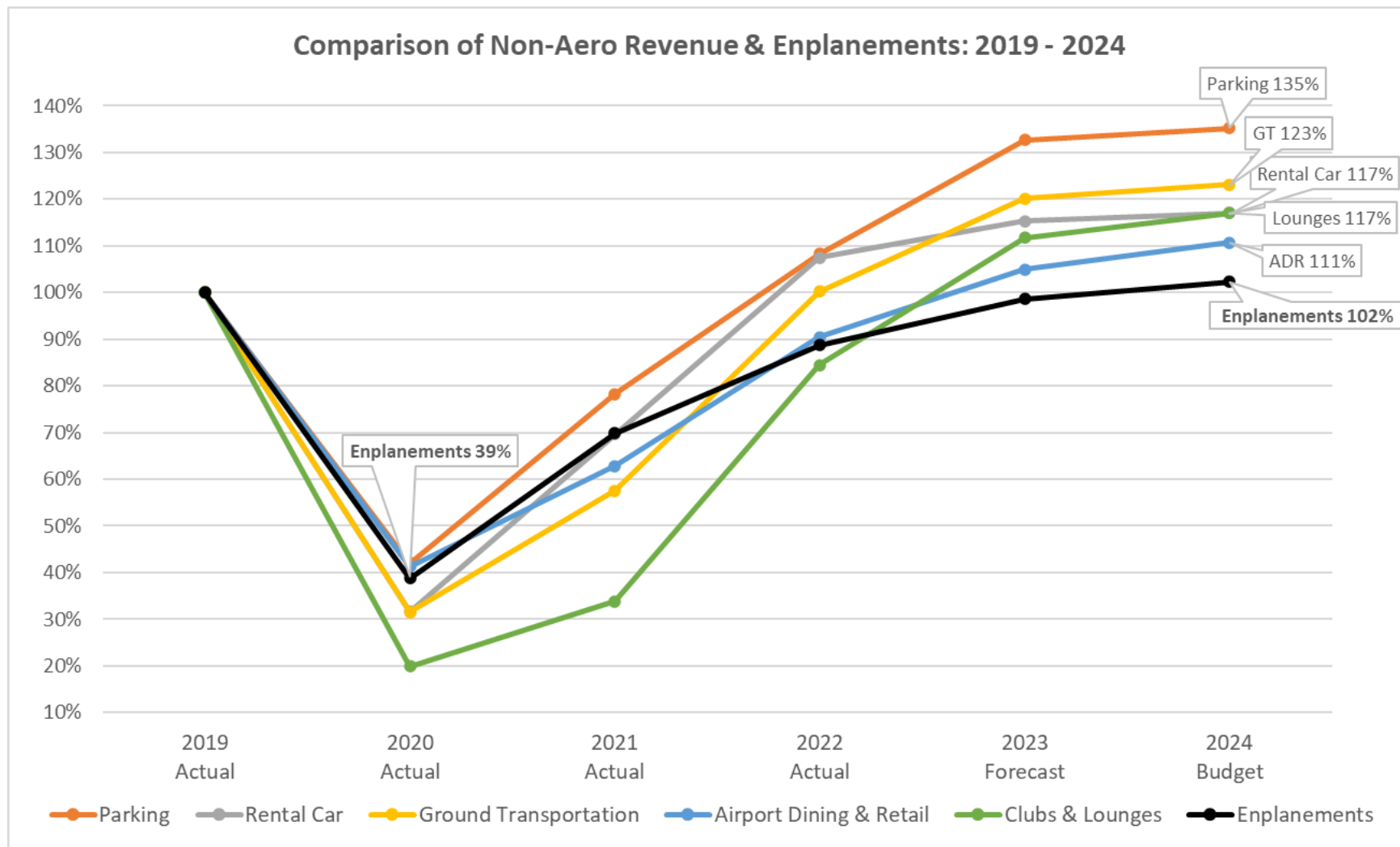
Aeronautical NOI (\$ in 000's)	2021	2022	2023	2023	2024	Incr (Decr) Change from 2023	
	Actual	Actual	Budget	Forecast	Budget	\$	%
<b>Rate Base Revenues</b>							
Airfield Movement Area	88,061	118,240	141,938	147,719	153,849	11,911	8.4%
Airfield Apron Area	17,146	17,211	29,330	27,548	31,827	2,496	8.5%
Terminal Rents	184,625	220,399	270,513	264,916	280,676	10,163	3.8%
Federal Inspection Services (FIS)	10,978	29,347	46,317	42,781	42,636	(3,680)	-7.9%
<b>Total Rate Base Revenues</b>	<b>300,810</b>	<b>385,197</b>	<b>488,098</b>	<b>482,964</b>	<b>508,988</b>	<b>20,890</b>	<b>4.3%</b>
Airfield Commercial Area	16,702	17,343	16,850	17,214	19,022	2,171	12.9%
<b>Subtotal before Revenue Sharing</b>	<b>317,513</b>	<b>402,541</b>	<b>504,948</b>	<b>500,178</b>	<b>528,010</b>	<b>23,061</b>	<b>4.6%</b>
<b>Total Aeronautical Revenues</b>	<b>317,513</b>	<b>402,541</b>	<b>504,948</b>	<b>500,178</b>	<b>528,010</b>	<b>23,061</b>	<b>4.6%</b>
<b>Total Aeronautical Expenses</b>	<b>203,573</b>	<b>261,574</b>	<b>320,649</b>	<b>320,849</b>	<b>349,176</b>	<b>28,527</b>	<b>8.9%</b>
<b>Aeronautical NOI</b>	<b>113,940</b>	<b>140,967</b>	<b>184,300</b>	<b>179,329</b>	<b>178,834</b>	<b>(5,466)</b>	<b>-3.0%</b>

# Non-Aeronautical NOI

Non-Aeronautical NOI (\$ in 000's)	2020	2021	2022	2023	2023	2024	Incr (Decr) Change from 2023	
	Actual	Actual	Actual	Budget	Forecast	Budget	\$	%
<b>Non-Aeronautical Revenues</b>								
Public Parking	34,502	64,104	88,899	96,768	108,916	111,036	14,268	14.7%
Rental Cars	16,637	34,740	56,473	53,830	60,591	61,599	7,769	14.4%
Ground Transportation	6,557	11,947	20,804	24,324	24,943	25,517	1,192	4.9%
Airport Dining & Retail	25,418	38,693	55,719	64,520	64,634	68,222	3,702	5.7%
Clubs and Lounges	2,043	3,478	8,688	9,859	11,473	12,024	2,165	22.0%
Utilities	5,672	6,350	7,943	8,541	8,498	10,153	1,612	18.9%
All Other	25,644	27,635	37,224	38,510	42,559	44,380	5,869	15.2%
<b>Non-Aero Revenue <u>before</u> grants</b>	<b>116,473</b>	<b>183,819</b>	<b>276,159</b>	<b>296,352</b>	<b>321,614</b>	<b>332,930</b>	<b>36,578</b>	<b>12.3%</b>
less Concession Relief grants	-	(5,301)	(19,546)	(250)	(1,918)	-	250	-100.0%
<b>Total Non-Aeronautical Revenues</b>	<b>116,473</b>	<b>178,518</b>	<b>256,613</b>	<b>296,102</b>	<b>319,696</b>	<b>332,930</b>	<b>36,828</b>	<b>12.4%</b>
<b>Total Non-Aeronautical Expenses</b>	<b>109,802</b>	<b>90,644</b>	<b>121,130</b>	<b>139,887</b>	<b>138,737</b>	<b>153,205</b>	<b>13,318</b>	<b>9.5%</b>
<b>Non-Aeronautical NOI</b>	<b>6,671</b>	<b>93,175</b>	<b>135,483</b>	<b>156,216</b>	<b>180,959</b>	<b>179,726</b>	<b>23,510</b>	<b>15.0%</b>
Less: CFC Surplus	(6,834)	-	-	(5,829)	(6,603)	(7,429)	(1,599)	27.4%
<b>Adjusted Non-Aeronautical NOI</b>	<b>(163)</b>	<b>93,175</b>	<b>135,483</b>	<b>150,386</b>	<b>174,355</b>	<b>172,297</b>	<b>21,911</b>	<b>14.6%</b>

# Non-Aero Revenue Recovery as % of 2019 Actual

*Reflects business performance before concession relief grants*



Strong growth in Non-Aeronautical revenue outpacing passenger volume recovery.

# 2024 – 2028 PRELIMINARY CAPITAL FORECAST

# Aviation Capital Program Objectives

- **Provide facilities to meet or exceed the Strategic & Business Plan objectives**
  - 5-Star Skytrax Rating and to 25 Airport Service Quality (ASQ)
  - 80% of people experience a TSA line wait under 30 minutes
  - 45 minutes processing time for international arrivals
  - 75 minutes Minimum Connect Time (MCT)
  - Most Accessible Airport
  - Greenest Airport

## **Example Projects:**

- *SEA Gateway/North Main Terminal Redevelopment Program*
- *C Concourse Expansion*
- *Baggage Optimization*



# 2024 – 2028 Preliminary Capital Forecast

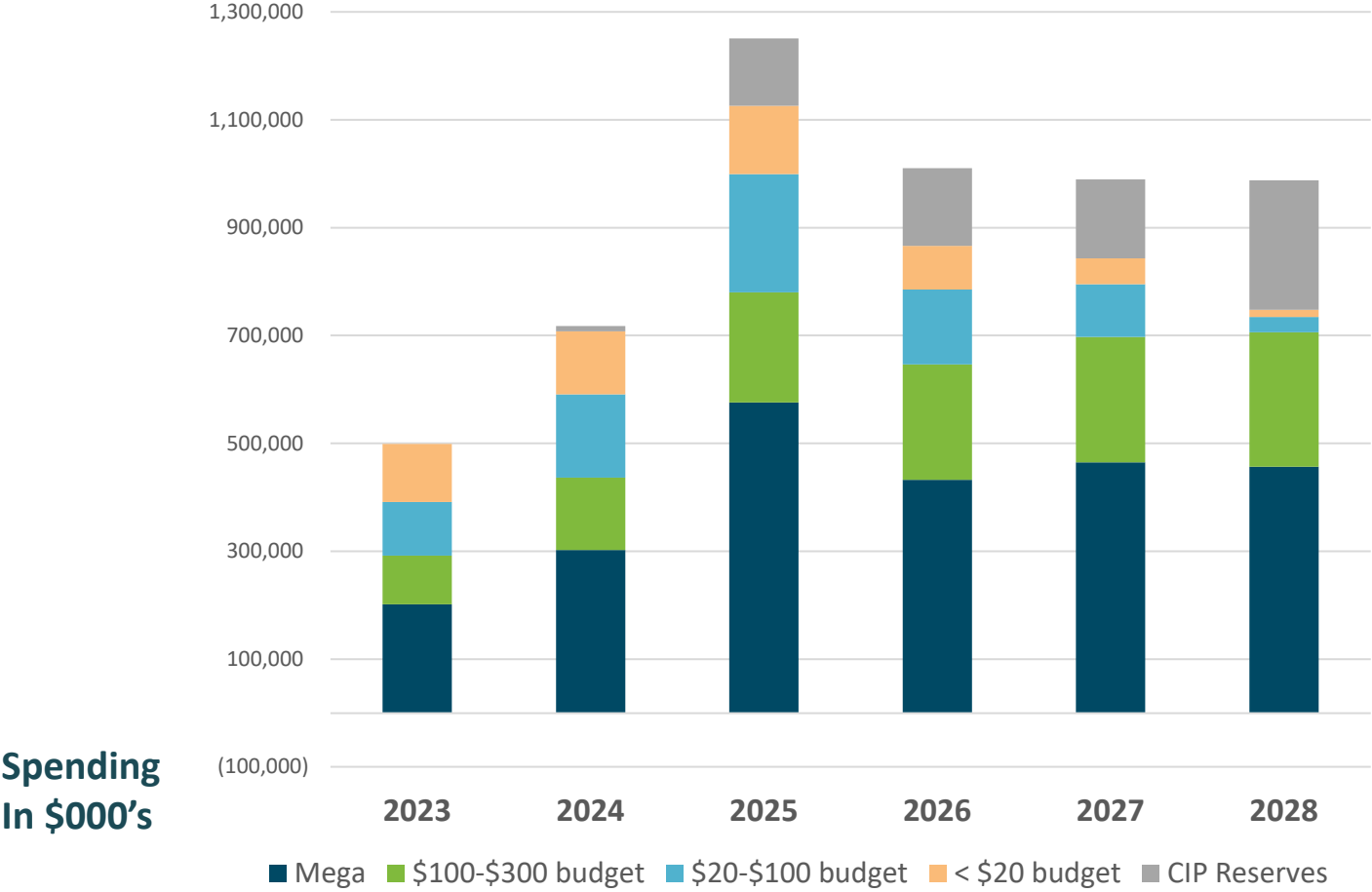
	Cash Flows (Figures in \$000s)						
	2023	2024	2025	2026	2027	2028	2024 - 28 TOTAL
<b>Mega Projects</b>							
Baggage Optimization	98,033	111,869	112,348	110,465	106,300	73,200	514,182
C Concourse Expansion	41,303	109,662	181,494	29,914	5,502	-	326,572
SEA Gateway	53,779	106,366	193,150	110,952	48,109	-	458,577
S Concourse Evolution	6,964	29,419	76,184	168,615	241,362	277,310	792,890
Main Terminal Improvement	1,311	5,042	12,773	12,200	63,223	106,201	199,439
<b>Subtotal - Mega Projects</b>	<b>201,390</b>	<b>362,358</b>	<b>575,949</b>	<b>432,146</b>	<b>464,496</b>	<b>456,711</b>	<b>2,291,660</b>
Other Capital Projects	296,703	481,046	521,432	380,873	284,014	179,731	1,847,096
SAMP Preliminary Planning / Design	921	1,214	18,250	30,250	48,500	77,000	175,214
Proposed New Projects	100	2,900	10,000	23,000	45,999	33,998	115,897
CIPs Reserves	-	12,000	40,000	87,000	146,638	240,191	525,829
<b>Subtotal</b>	<b>297,724</b>	<b>497,160</b>	<b>589,682</b>	<b>521,123</b>	<b>525,151</b>	<b>530,920</b>	<b>2,664,036</b>
CIP Cashflow Adj Reserve	-	(141,920)	85,152	56,768	-	-	-
<b>Total Proposed CIP</b>	<b>499,114</b>	<b>717,598</b>	<b>1,250,783</b>	<b>1,010,037</b>	<b>989,647</b>	<b>987,631</b>	<b>4,955,696</b>

- Proposing two new projects totaling \$116M spending through 2028
- CIP Reserve CIPs including Utility allowance represent around 10% of five-year capital forecast
- CIP cash flow adjustment reserve to adjust 2024 cash flows

# Major Projects Drive Capital Program

## Mega projects 2024 – 2028:

- Baggage Optimization
- C Concourse Expansion
- SEA Gateway
- S Concourse Evolution
- Main Terminal Renovation
- Major projects completion ready for the FIFA World Cup in 2026
- Total spending for 2024 – 2028 = \$4.9 billion

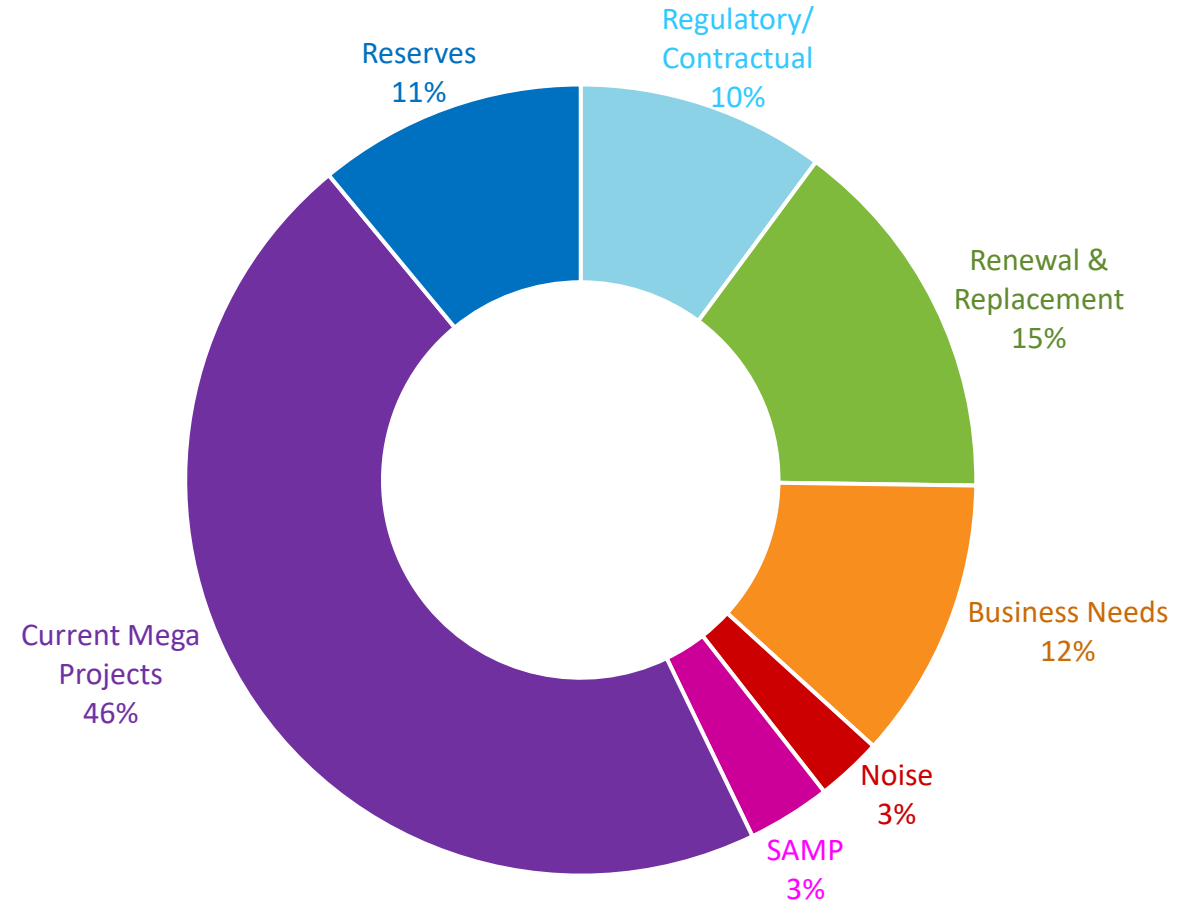


Spending forecast does not include Sustainable Airport Master Plan near-term projects

# 2024 – 2028 Preliminary Capital Forecast

## Category Breakdowns

Category	Number of Projects	Total 5-year Cash Flow
Regulatory & Contractual	20	\$342M
Renewal & Replacement	56	\$686M
Business Needs	60	\$769M
Noise	6	\$108M
Current Mega Projects	7	\$2.3B
SAMP Design Pre-approval in SLOA Agreement	6	\$175M
Reserves & Allowances	12	\$573M
<b>TOTAL</b>	<b>167</b>	<b>\$4.9B</b>



# Summary of New Projects

Justification	Category	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2024 - 28 TOTAL
					2024	2025	2026	2027	2028	
Capacity	Business Need	C801375	Gate Modification	115,000	1,900	9,000	22,000	45,000	33,000	110,900
Asset Stewardship	Renewal Replacement	C801385	Small Jobs 2024-2034	10,000	1,000	1,000	1,000	1,000	1,000	5,000
<b>Total</b>				<b>125,000</b>	<b>2,900</b>	<b>10,000</b>	<b>23,000</b>	<b>46,000</b>	<b>34,000</b>	<b>115,900</b>

# 2024 – 2028 PRELIMINARY FINANCIAL FORECAST

# Aviation Financial Forecast Objectives

- **Ensure the airport's five-year financial outlook meets or exceeds the financial performance targets in the Aviation Division's Strategic and Business Plan Objectives.**
  - Level of Service Optimum
  - Top 25 ASQ World Ranking
  - 5-Star Skytrax rating
  - Achieve debt service coverage of >1.40 times
  - Build cash balance in the Airport Development Fund to 18 months of O&M expenses
  - Consistently grow Non-Aeronautical revenues >\$332 million

# 2024 – 2028 Preliminary Financial Forecast

In \$000's	Budget 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028
Aeronautical Revenue	\$ 528,017	\$ 612,859	\$ 685,950	\$ 768,065	\$ 844,394
Non-Aeronautical Revenue	332,930	356,706	372,681	408,845	422,647
<b>Total Revenue</b>	<b>\$ 860,947</b>	<b>\$ 969,565</b>	<b>\$1,058,631</b>	<b>\$1,176,910</b>	<b>\$1,267,042</b>
Operating Expense	502,380	544,178	575,087	606,678	655,920
Net Operating Income	\$ 358,567	\$ 425,388	\$ 483,544	\$ 570,231	\$ 611,121
Net Non-Operating Income/Expense	23,623	27,208	28,799	30,634	33,196
CFC Excess <sup>(b)</sup>	(7,386)	(8,659)	(9,386)	(10,827)	(11,247)
Available for Debt Service	\$ 374,804	\$ 443,937	\$ 502,957	\$ 590,038	\$ 633,070
Gross Debt Service (net of cap i)	\$ 321,014	\$ 348,546	\$ 414,462	\$ 495,781	\$ 543,865
CP Principal & Interest	\$ 2,971	\$ 3,035	\$ 3,035	\$ 3,035	\$ 3,035
CFC Offset	(24,899)	(25,060)	(25,315)	(24,568)	(24,827)
PFC Offset	(100,000)	(102,342)	(102,347)	(102,347)	(102,098)
<b>Net Debt Service</b>	<b>\$ 199,086</b>	<b>\$ 224,179</b>	<b>\$ 289,834</b>	<b>\$ 368,866</b>	<b>\$ 416,940</b>
<b>Net Cash Flow</b>	<b>\$ 175,718</b>	<b>\$ 219,758</b>	<b>\$ 213,123</b>	<b>\$ 221,173</b>	<b>\$ 216,130</b>

- Increasing debt service in 2026 due to the completion of key projects and new assets placed in service: Widen Arrivals Drive and C Concourse Expansion.
- Aeronautical revenues forecast methodology based on existing Signatory Lease Operating Agreement (SLOA) IV which expires on 12/31/2024.

# 2024 – 2028 Preliminary Financial Forecast Metrics

	Budget 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028
<b>Key Measures</b>					
Debt Service Coverage	1.88	1.98	1.74	1.60	1.52
ADF Balance - Months of O&M	17	18	18	18	18
CPE	\$ 18.61	\$ 21.17	\$ 23.43	\$ 26.15	\$ 28.60
O&M per Enplaned Passenger	\$ 18.99	\$ 20.03	\$ 20.85	\$ 21.84	\$ 23.43
Debt per Originating Passenger	\$ 226	\$ 272	\$ 303	\$ 337	\$ 370
<i>PFC fund balance (in \$000's)</i>	\$ 46,226	\$ 49,071	\$ 53,526	\$ 58,801	\$ 65,271
<i>CFC fund balance (in \$000's)</i>	\$ 32,259	\$ 31,477	\$ 36,129	\$ 38,935	\$ 44,043
Enplaned Passengers(000's)	26,457	27,172	27,579	27,772	27,994
Enplanement Growth Rate	3.9%	2.7%	1.5%	0.7%	0.8%



# EQUITY IN SPENDING

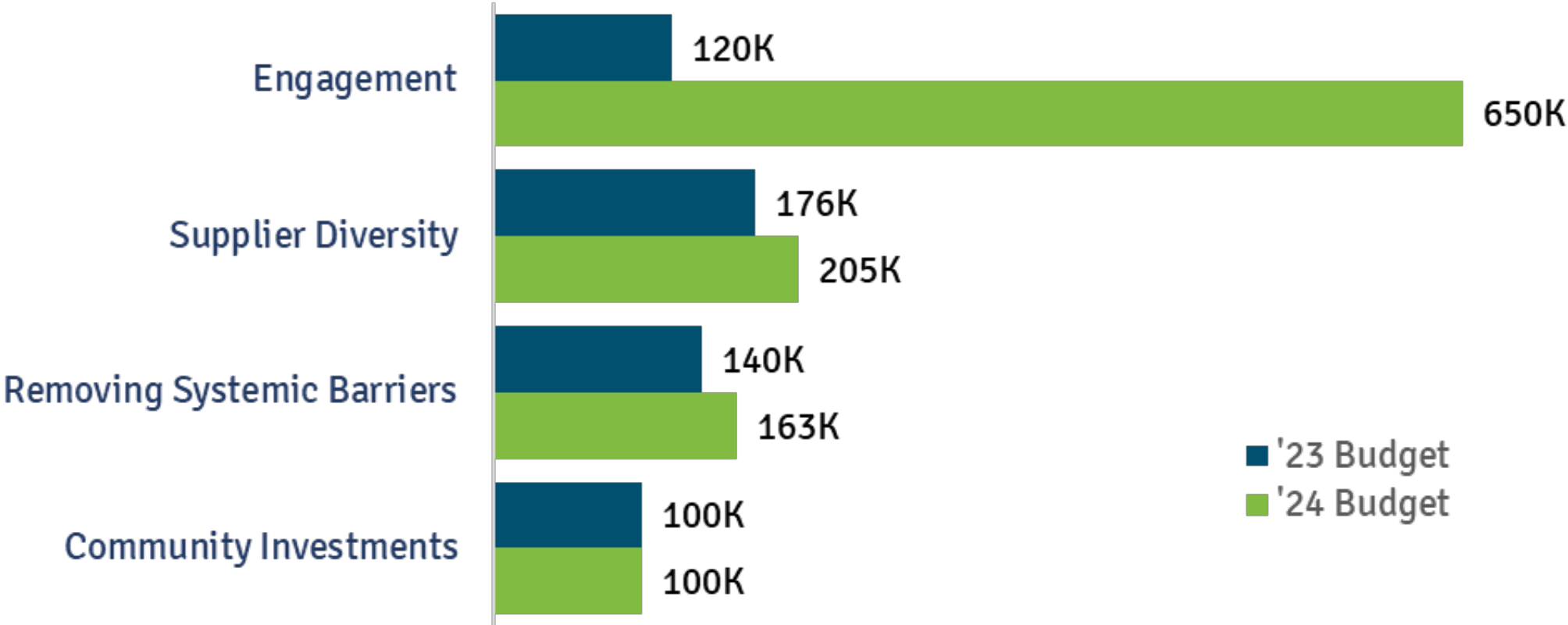
# Equity Spending Highlights

## New Equity Spending in 2024 Budget:

- Celebrations and Cultural Connections Events – in recognition of SEA’s 75<sup>th</sup> Anniversary, \$500K – combined contribution from airport share (\$150K) and Airport Dining & Retail concessionaire tenant marketing fund share (\$350K)
- Sponsorship of Open Doors Organization (ODO). Co-hosting Universal Access in Aviation Conference at SEA in 2024 (\$20K)
- Increased Airport Minority Advisory Council engagement (\$27K)

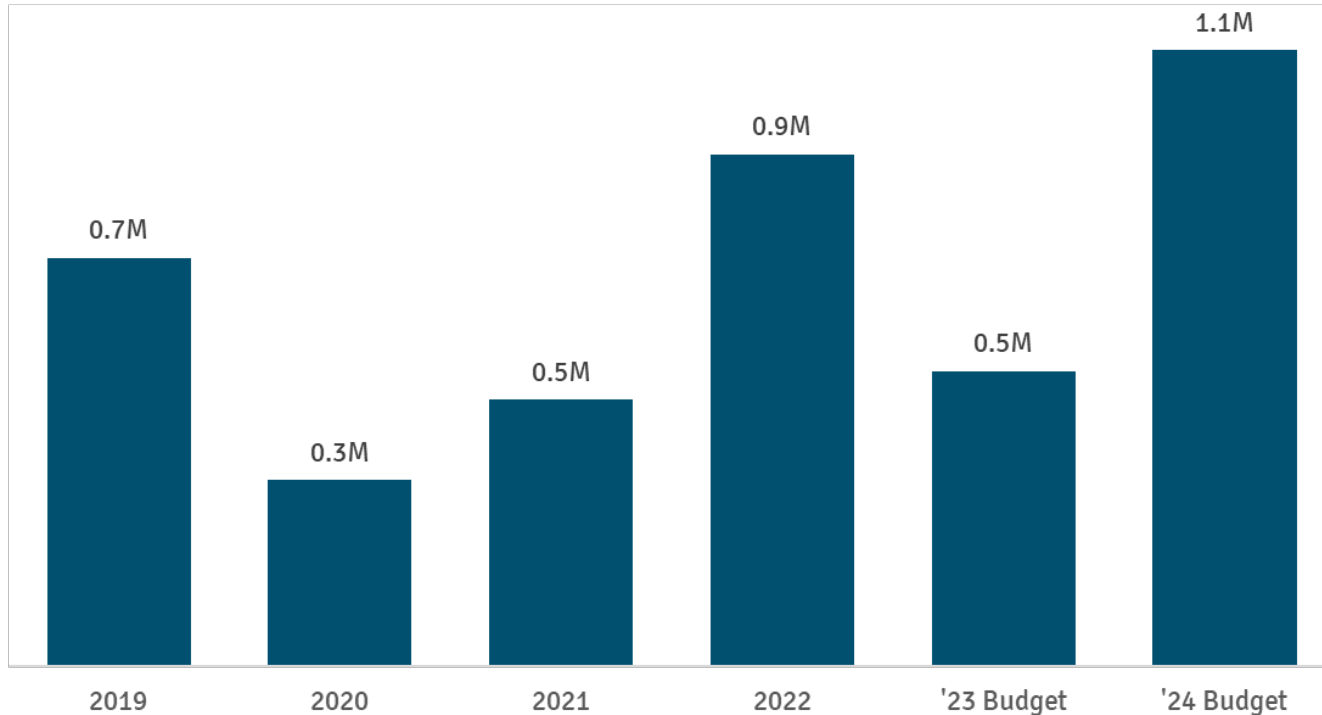
# Aviation Division Equity Spending Graphs

## Spending by Category



# Aviation Division

## Equity Spending by Year



### Non-recurring investments:

- SEA cultural events for airport 75<sup>th</sup> Anniversary in 2024 (\$500K)
- ADR community kitchen and kiosk in 2019 (\$388K), and 2022 (\$589K)
- Open Doors Organization Conference sponsorship (\$20K)

### Ongoing investments:

- Language access/ translation/ interpretation costs
- Customer Service focus on Accessibility
- Community outreach
- Anti-Human Trafficking partnering

# 2024 Aviation Preliminary Budget Key Takeaways

## Revenues

- Passenger volume exceeds 2019 passenger level
- Non-Aeronautical revenues strong – well above 2019 level
- 7.5% increase in total revenues

## Expenses

- 9.1% increase in total operating expenses
- 39 FTEs to achieve key initiatives
- Increases in payroll and medical benefits
- Increased spending to deliver capital program
- \$6.5M investment in the Aviation Environment and Sustainability focus area
- \$500K investment in Commission's budget priorities
- \$1.1M of planned equity spending at the airport

## Financial Forecast

- Debt service coverage at 1.88x in 2024
- 17 months of O&M cash on hand in 2024
- CPE forecast for 2024 is \$18.61

## Budget Uncertainties

- Economic factors – inflation, risk of recession
- Snow event(s)
- Employee parking
- HR compensation project not complete yet
- Potential impacts of PFAS
- Environmental remediation liability costs

QUESTIONS?



# APPENDIX – AVIATION DIVISION

# Aviation Appendix Table of Contents

## 1. Operating Budget

- 2024 Approved Budget Request Detail Listings
- Aeronautical Revenue Detail
- Non-Aeronautical Revenue Detail

## 2. Capital Program

- 2024-2028 Capital Funding Plan
- 2024-2028 Financial Forecast Assumptions
- Mega Capital Project Status Update

## 3. Other Supporting Information

- Environmental Remediation Liability Detail
- Acronym List



# 2024 APPROVED BUDGET REQUESTS

# Breakout of Approved Budget Requests

Budget Request Category	# of Requests	2024 Budget Requests			
		FTEs	Baseline	Non-Recurring	Total
Health and Safety	15	4	736,000	490,000	1,226,001
Security	5	2	195,653	175,376	371,029
Employee Engagement	3	-	12,285	29,250	41,535
Community	6	-	350,000	475,000	825,000
Innovations and Operational Efficiencies	12	1	380,642	707,167	1,087,809
Economic Opportunities and Social Responsibility	3	-	30,000	625,000	655,000
Customer Experience	20	29	6,175,936	956,548	7,132,484
Environment and Sustainability	19	-	275,000	6,240,000	6,515,000
Financial Sustainability	1	-	-	160,000	160,000
Asset Management, Capital Development and Delivery	17	3	529,931	16,117,236	16,647,167
<b>Grand Total</b>	<b>101</b>	<b>39</b>	<b>\$ 8,685,447</b>	<b>\$ 25,975,577</b>	<b>\$ 34,661,025</b>
<b>2024 Budget Requests - Initial Requested</b>	<b>210</b>	<b>82</b>	<b>\$ 17,025,363</b>	<b>\$ 35,527,923</b>	<b>\$ 52,553,287</b>

# Approved Budget Requests: Health & Safety

STRATEGIC FOCUS	Problem/Need /Opportunity	Budget Request Title	2024 Budget Requests			
			FTEs	Baseline	One-time	TOTAL
Health & Safety	Maintain and Improve Safety of Airport Operations Area	Airfield Wildlife Habitat Management		-	50,000	50,000
		Fire Alarm Maintenance Equipment and Parts		-	120,000	120,000
		Firearm Shotgun Maintenance		7,500	-	7,500
		Firearm/Wildlife Training		30,000	-	30,000
		Maintenance Parts & Equipment		75,000	-	75,000
		Manager, SMS Safety Risk Mgmt	1	95,188	5,000	100,188
		Pre-Conditioned Air Balancing		-	100,000	100,000
		Ready Rebound/Vitality		45,000	-	45,000
		Training and Certification - Add'l		142,000	-	142,000
	Operational Efficiencies	Fire Protection Engineer	1	(1,338)	3,500	2,163
		Intermediate Mechanical Engineer	1	88,822	5,000	93,822
		Principal Engineer	1	156,636	6,500	163,136
		Ramp Tower - Add'l funding		-	200,000	200,000
		Right Sizing Baseline		27,192	-	27,192
UPM Pest Control Scope & Contract Increase			70,000	-	70,000	
<b>Health &amp; Safety Total</b>		<b>4</b>	<b>736,000</b>	<b>490,000</b>	<b>1,226,001</b>	

# Approved Budget Requests: Security

STRATEGIC FOCUS	Problem/Need /Opportunity	Budget Request Title	2024 Budget Requests			
			FTEs	Baseline	One-time	TOTAL
Security	Maintain and Enhance Overall Security at the Airport	License Plate Reader Camera Lease		35,000	-	35,000
		Safety Act Certification		-	32,875	32,875
		SeeSay Airport App		-	140,101	140,101
		Senior Operations Controller	2	160,653	2,400	163,053
<b>Security Total</b>			<b>2</b>	<b>195,653</b>	<b>175,376</b>	<b>371,029</b>

# Approved Budget Requests: Employee Engagement

STRATEGIC FOCUS	Problem/Need /Opportunity	Budget Request Title	2024 Budget Requests			
			FTEs	Baseline	One-time	TOTAL
Employee Engagement	Invest in Employee Training	AAE Certification		-	9,250	9,250
		Additional travel budget		12,285	-	12,285
		Onsite Airport Certified Employee - Operations Training Course, AAAE		-	20,000	20,000
<b>Employee Engagement Total</b>				<b>12,285</b>	<b>29,250</b>	<b>41,535</b>

# Approved Budget Requests: Community

STRATEGIC FOCUS	Problem/Need /Opportunity	Budget Request Title	2024 Budget Requests			
			FTEs	Baseline	One-time	TOTAL
Community	Combat Human Trafficking	Port Anti-Human Trafficking Initiative		-	100,000	100,000
	Strategic Customer Experience Improvements	Celebration & Cultural Connections Events and Activations Procurement - ADR share		-	150,000	150,000
		Celebration & Cultural Connections Events and Activations Procurement - Tenants share		350,000	-	350,000
		Commission Initiative Public Health & Safety - Hygiene Product Vending Machines		-	200,000	200,000
		IFMA-Airport Facilities Council Spring Conference 2024 @ SEA		-	5,000	5,000
		Open Doors Organization Conference Sponsorship		-	20,000	20,000
<b>Community Total</b>			<b>350,000</b>	<b>475,000</b>	<b>825,000</b>	

# Approved Budget Requests: Innovations & Operational Efficiencies

STRATEGIC FOCUS	Problem/Need /Opportunity	Budget Request Title	2024 Budget Requests			
			FTEs	Baseline	One-time	TOTAL
Innovations & Operational Efficiencies	Asset Management, Capital Development and Delivery - provide consulting support	Asset Management Program Development - Consultation Services		-	350,000	350,000
	Asset Management, Capital Development and Delivery - provide systems support	AV Planning Software		21,800	-	21,800
		SignAgent Software & Support		11,100	-	11,100
	Community Outreach to Address Business Challenges	On-Demand Taxi Virtual Queue Education & Outreach		-	30,000	30,000
	Develop Hiring Strategy Focused on Operational Efficiency	Workforce Analysis		-	200,000	200,000
	Implement hiring strategy to increase operational effectiveness	Alternate approach - restructure "Leads" to "Supervisors" for team effectiveness		12,000	-	12,000
	Invest in Employee Training	Additional Aerobahn Onsite Training (Related to SAMS Project)		-	32,000	32,000
	Keeping up with Growth at the Airport	Assistant Manager Airfield Operations	1	128,902	4,500	133,402
		Airline Scheduling Software		81,840	15,667	97,507
		STAC Cobus Use Estimate Reimbursement - Increase		-	25,000	25,000
Leverage Employee Innovation to Solve Business Challenges	Innovation Implementation Funding, Additional		125,000	-	125,000	
Maintain and Enhance Overall Security at the Airport	Flight Corridor Safety Program Expense		-	50,000	50,000	
<b>Innovations &amp; Operational Efficiencies Total</b>			<b>1</b>	<b>380,642</b>	<b>707,167</b>	<b>1,087,809</b>

FTE = Full-Time Equivalent (employee)

# Approved Budget Requests: Economic Opportunities & Social Responsibility

STRATEGIC FOCUS	Problem/Need /Opportunity	Budget Request Title	2024 Budget Requests			
			FTEs	Baseline	One-time	TOTAL
Economic Opportunities & Social Responsibilities	Enhance Community Engagement	Airport Minority Advisory Council Sponsorship Increase		30,000	-	30,000
	Keeping up with Growth at the Airport	2024 New Air Service Incentives		-	575,000	575,000
		Real Estate Strategy Market Consultant		-	50,000	50,000
<b>Economic Opportunities &amp; Social Responsibilities Total</b>				<b>30,000</b>	<b>625,000</b>	<b>655,000</b>



# Approved Budget Requests: Customer Experience

STRATEGIC FOCUS	Problem/Need /Opportunity	Budget Request Title	2024 Budget Requests				
			FTEs	Baseline	One-time	TOTAL	
Customer Experience	Attracting & Retaining Qualified Employees	Childcare Evaluation Services		-	100,000	100,000	
		Janitorial Contract Price Increase		1,300,000	-	1,300,000	
	Customer Experience	Laborer - Parking Garage coverage	1	86,724	1,000	87,724	
		Live Music Program - ADR Portion		25,000	-	25,000	
		Live Music Program - Tenant Portion		25,000	-	25,000	
		Pathfinders - Emergency Hires (4 @ 4-6 months ea)	2	136,500	-	136,500	
		SmarteCarte IAF Baseline Increase		1,100,000	-	1,100,000	
		Technical Designer - Signage	1	91,450	7,300	98,750	
		Temporary art exhibitions		25,000	-	25,000	
		Terminal Furniture Replacement		50,000	-	50,000	
	Processing Passengers	10 Mechanical Maintenance Engineers	10	1,360,077	102,000	1,462,077	
		11 Mechanical Maintenance Engineers	11	1,492,784	112,200	1,604,984	
		2 Baggage Operations Systems Specialists	2	233,702	14,000	247,702	
		Electronic Technician - STS train coverage	1	136,427	2,500	138,927	
		Executive Program Management positions (TBD)	1	113,272	4,500	117,772	
		CBP coverage		-	250,000	250,000	
		TSA Exit Lane Staffing Support		-	180,048	180,048	
	Strategic Customer Experience Improvements	Continuation		-	100,000	100,000	
		Smart Restroom Technology Subscription		-	33,000	33,000	
		Video Remote Interpretation Expansion		-	50,000	50,000	
	<b>Customer Experience Total</b>			<b>29</b>	<b>6,175,936</b>	<b>956,548</b>	<b>7,132,484</b>

# Approved Budget Requests: Environment & Sustainability

STRATEGIC FOCUS	Problem/Need /Opportunity	Budget Request Title	2024 Budget Requests				
			FTEs	Baseline	One-time	TOTAL	
Environment & Sustainability	Address Maintenance Needs and Standards	Fleet Telematics		-	50,000	50,000	
	Address Maintenance Needs and Standards, Energy Efficiency	Additional Sanitary Sewer Flow Monitoring		20,000	-	20,000	
		Building Energy Efficiency Audit		-	300,000	300,000	
		Central Mechanical Plant Decarbonization Study		-	500,000	500,000	
		Utility Master Plan (Fire)		-	300,000	300,000	
	Airport Noise Mitigation	Part 150 Noise and Land Use Study		-	1,500,000	1,500,000	
	Attracting & Retaining Qualified Employees	Support for Commuting Resource Programming for SEA Workers		-	40,000	40,000	
		Transportation Management Association Consulting Contract		-	50,000	50,000	
	Be the Greenest and Most Energy-Efficient Port in North America	Additional Renewable Natural Gase Supply (to maintain 50% GHG)		215,000	-	215,000	
		Department of Commerce Grant: Taxi & TNC electric vehicle outreach		-	40,000	40,000	
		NREL traffic simulation modeling		-	75,000	75,000	
		Sustainability Environmental Framework Support		-	30,000	30,000	
		Sustainable Aviation Fuels Co-Benefits (Environmental Attributes) Pilot Project		-	1,000,000	1,000,000	
	Environment & Sustainability - continued on next slide						

# Approved Budget Requests: Environment & Sustainability (cont'd)

STRATEGIC FOCUS	Problem/Need /Opportunity	Budget Request Title	2024 Budget Requests			
			FTEs	Baseline	One-time	TOTAL
Environment & Sustainability	Environmental Compliance	Land Stewardship Goals and Development Standards		-	25,000	25,000
		NPDES permit renewal sampling		-	200,000	200,000
		PFAS/AFFF Ongoing Investigations & Planning		-	500,000	500,000
		Sustainable Airport Master Plan Near Term Project NEPA EA and SEPA EIS		-	1,530,000	1,530,000
		Water Quality Source Tracing Studies		-	100,000	100,000
	Invest in Employee Training	Travel authorization increase		40,000	-	40,000
<b>Environment &amp; Sustainability Total</b>				<b>275,000</b>	<b>6,240,000</b>	<b>6,515,000</b>

# Approved Budget Requests: Financial Sustainability

STRATEGIC FOCUS	Problem/Need /Opportunity	Budget Request Title	2024 Budget Requests			
			FTEs	Baseline	One-time	TOTAL
Financial Sustainability	Prepare for Airline Lease Agreement Negotiations	Financial Consulting - Consultant Support for SLOA V Negotiations_WJ Advisors		-	160,000	160,000
<b>Financial Sustainability Total</b>				-	<b>160,000</b>	<b>160,000</b>

# Approved Budget Requests: Asset Management, Capital Development & Delivery

STRATEGIC FOCUS	Problem/Need /Opportunity	Budget Request Title	2024 Budget Requests			
			FTEs	Baseline	One-time	TOTAL
Asset Mgmt, Capital Development & Delivery	Asset Management, Capital Development and Delivery - provide consulting support	Capital Project Management Support		-	-	-
		Capital Projects with associated Expense		-	3,429,000	3,429,000
		Control Support for Expense		-	150,000	150,000
		Duty Free - ADR Advising		-	-	-
		On-site consultants for Tenant Program		-	1,715,000	1,715,000
	Asset Management, Capital Development and Delivery - provide systems support	IoT/OT Asset Intelligence and Security Platform		-	90,000	90,000
		SEA BIM Modeling		-	500,000	500,000
	Maintain Airport Art	Art moving contractor		-	25,000	25,000
	Meet the Maintenance Needs and Standards of Existing and Future Facilities	Airfield Pavement		-	500,000	500,000
		Building 166B HVAC Rental		-	81,500	81,500
		Outside Services		-	2,225,000	2,225,000
		Rental Car Facility Condition Assessment		-	300,000	300,000
		Small Works Construction Services - Add'l Funding		-	150,000	150,000
	Strategic Capital Development	Executive Program Management positions (TBD)	3	379,931	16,500	396,431
	Support for Airline Realignment capital project	Airline Realignment		-	7,039,529	7,039,529
		Airline Realignment - N00031 Proj Controls		-	18,989	18,989
		Airline Realignment - N00039 Proj Controls		-	26,718	26,718
<b>Asset Mgmt, Capital Development &amp; Delivery Total</b>			<b>3</b>	<b>529,931</b>	<b>16,117,236</b>	<b>16,647,167</b>
<b>Grand Total</b>			<b>39</b>	<b>8,685,447</b>	<b>25,975,577</b>	<b>34,661,025</b>

# Approved Planning Studies Detail

On-Call Planning	Amount	Description
Project Management Support & Small Planning Tasks	\$300,000	Provides funds to conduct work outside of individual Service Directives, including conducting overall contract program management; responding to emerging issues and requests for planning assistance from other departments (including scoping potential new SDs); and providing technical support as needed to Port Planning staff.
Airfield Scenario Development & Modeling	\$350,000	Includes completion of work currently in progress under Ricondo SD8 2024 Airfield AIP AirTop Modeling. In addition to completing this work, Port staff and the Ricondo team would also conduct airfield simulation modeling using the AirTop model to evaluate proposed phasing of the 2025 Airfield AIP.
Terminal Scenario Development & Modeling	\$400,000	Proposed work in 2024 will build off of the gap analysis conducted in 2023 under Ricondo SD7 Main Terminal Ticketing Study. Anticipated analysis includes but is not limited to further study of how best to utilize the Promenade level and window wall areas; adjustment to SSCPs and check-in driven by the NMT project, AA plan for flow-through in Zone 5, and relocation of Checkpoint 1; and tenant/ADR relocations and support space planning. The study will also include an assessment of potential equity benefits/impacts from proposed improvements.
Landside Scenario Development & Modeling	\$475,000	Includes completing work initiated in 2023 on an update to our Travel Demand Model with the City of SeaTac and a Curbside Study to answer the question - at what level of shift from POVs to other modes would it be necessary and beneficial to reallocate space on the terminal curbs and in the parking garage among POVs and Ground Transportation operators. The study would include modeling and development and evaluation of scenarios to reconfigure space in the garage and the terminal curbs - and any required, associated operational changes. The study will also include an assessment of potential equity benefits/impacts from scenarios included in the study.
Remote Passenger Screening	\$200,000	The study would identify and evaluate opportunities for remote passenger screening - e.g., Cruise Terminal or Rental Car Facility. Anticipated scope elements include benchmarking, program development, conceptual layouts, and alternatives evaluation/feasibility assessment.
GSE Staging/Storage Planning	\$350,000	The purpose of this study is to assess the current state of GSE staging and storage across all user groups and provide recommendations for changes in how existing space is utilized or opportunities for development of new staging/storage areas. The study would include a robust inventory/assessment of existing GSE areas and would take into account any impacts to GSE operations from the SoCoEvo project. Anticipated scope elements include benchmarking, inventory, program development, conceptual layouts, alternatives evaluation/feasibility assessment, and cost estimation.
Airport Property GIS	\$150,000	Would build on work conducted in 2023 to establish an airport properties database and GIS platform. AV Planning and Properties have been working with the ICT GIS group to make the recently completed Exhibit A and other airport property information available to Port staff, airport wide, through a GIS enterprise application. We have also leveraged consultant resources to assist in this effort and to refine data and spatial information contained in the Exhibit A. The next phase of the work involves: assisting Capital Services in standardizing property records within Peoplesoft; defining workflows for data management among Port data stewards; and assisting the ICT GIS group with linking of various property data and documents with the airport properties GIS platform.
<b>TOTAL</b>	<b>\$2,225,000</b>	

**GIS** = Geographic Information System  
**GSE** = Ground Service Equipment

**ICT** = Information & Communications Technology  
**POV** = Privately Owned Vehicle

**SD** = Service Directive  
**SD** = Service Directive

**SoCoEvo** = South Concourse Evolution  
**SSCPs** = Security Screening Checkpoints (TSA lanes)

# AERONAUTICAL BUSINESS



# Aeronautical Business

- Cost recovery of aeronautical operating and capital expenses
  - Per FAA regulations
    - Revenue use policy: all airport revenue must be used to support the operating and capital costs of the airport
    - Rates and Charges policy guides aeronautical rate setting
      - » Airline rates must be fair, reasonable and not unjustly discriminatory
      - » Airfield rates must be based on cost recovery
      - » Airports may set airline rates by resolution, ordinance or agreement
  - Based on Signatory Lease and Operating Agreement (SLOA)
    - Signatory Lease & Operating Agreement (SLOA IV ran from 2018 – 2022 but has been extended to 12/31/2024)
  - Modest positive cash flow after paying debt service due to amortization of cash funded capital projects
- Charge airlines for space and/or activity
- Cost per enplanement (CPE) is a key management metric



# Aeronautical Business (cont'd)

- As travel continues to recover in 2023 and 2024, improvement in passenger levels and other airport activity will help manage costs and rates to the airlines.
- CPE decreased in 2024 by 3.5% primarily due to passenger activity levels outpacing the rate of increases in the Aeronautical Revenues (costs to recover).
- The increase in costs to recover is less than usual year over year due to an increase in debt service exclusions which lower the costs to recover.

# Aeronautical Cost Drivers

\$ in 000's	2023 Budget	2024 Budget	Impact on Aero Revenues Budget vs Budget	
			\$	%
O&M	310,618	339,263	28,645	9.2%
Debt Service Before Offsets	234,463	225,815	(8,647)	-3.7%
Debt Service PFC Offset	(89,720)	(91,493)	(1,773)	2.0%
Net Debt Service	144,743	134,322	(10,421)	-7.2%
Amortization	35,561	36,873	1,312	3.7%
Space Vacancy	(2,066)	(712)	1,354	-65.5%
TSA Operating Grant and Other	(758)	(758)	(0)	0.0%
<b>Rate Base Revenues</b>	<b>488,098</b>	<b>508,988</b>	<b>20,890</b>	<b>4%</b>
Commercial area	16,850	19,022	2,171	13%
<b>Total Aero Revenues</b>	<b>504,948</b>	<b>528,010</b>	<b>23,061</b>	<b>5%</b>

# Cost per Enplanement (CPE) Metric

Airline cost per enplanement reflects the overall cost to the airlines for each passenger enplaned.

The CPE measures the total costs borne by the passenger airlines operating at the airport divided by the number of enplaned passengers (roughly half of the total passengers).

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2023</b>	<b>2024</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Budget</b>	<b>Proposed Budget</b>
Cost per Enplanement (CPE)	12.86	26.50	15.93	16.09	18.40	19.29	18.61

# Passenger Summary

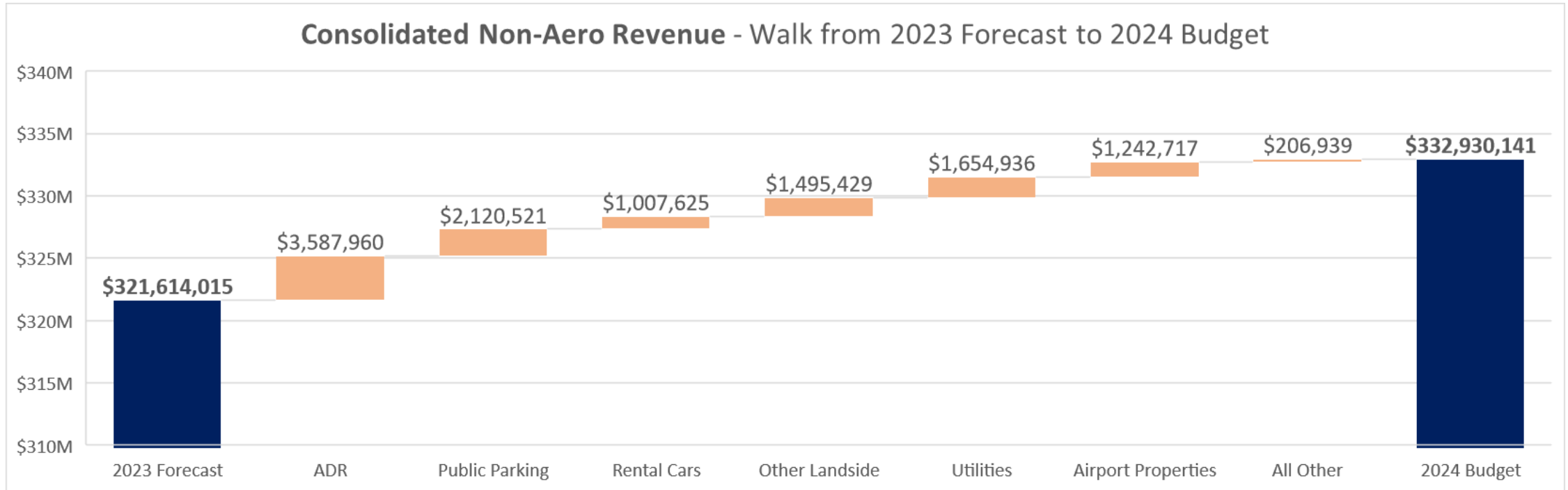
	Actuals				Forecast		
	2019	2020	2021	2022	2023	2024	2025
<b>PASSENGERS</b>							
Domestic Passengers - IN	23,085,429	9,315,619	17,233,386	20,801,479	22,795,138	23,529,758	24,119,775
Domestic Passengers - OUT	23,015,911	9,372,941	17,251,456	20,780,867	22,643,827	23,529,758	24,119,775
<b>Subtotal - Domestic Passengers</b>	<b>46,101,340</b>	<b>18,688,560</b>	<b>34,484,842</b>	<b>41,582,346</b>	<b>45,438,965</b>	<b>47,059,515</b>	<b>48,239,550</b>
International Passengers - IN	2,869,935	693,023	847,703	2,196,569	2,844,621	2,927,471	3,051,798
International Passengers - OUT	2,857,964	663,765	821,470	2,185,252	2,826,142	2,927,471	3,051,798
<b>Subtotal - International Passengers</b>	<b>5,727,899</b>	<b>1,356,788</b>	<b>1,669,173</b>	<b>4,381,821</b>	<b>5,670,762</b>	<b>5,854,941</b>	<b>6,103,596</b>
Total Passengers - IN	25,955,364	10,008,642	18,081,089	22,998,048	25,639,759	26,457,228	27,171,573
Total Passengers - OUT	25,873,875	10,036,706	18,072,926	22,966,119	25,469,969	26,457,228	27,171,573
<b>PASSENGER GRAND TOTAL</b>	<b>51,829,239</b>	<b>20,045,348</b>	<b>36,154,015</b>	<b>45,964,167</b>	<b>51,109,727</b>	<b>52,914,456</b>	<b>54,343,146</b>

# NON-AERONAUTICAL BUSINESS

# Non-Aeronautical Business

- Non-Aeronautical lines of business include:
  - Pre-security:
    - Parking, Rental Cars, Taxis and Ride Shares, Conference Center, Real Estate Leases, etc.
  - Air Terminal:
    - Dining and Retail, Clubs, Other Leased Space
- Most rates set based on fair market value
- Some rates set based on cost recovery
  - *e.g., Employee Parking and select Ground Transportation operators*
- Generates cash flow used to reinvest in the Airport

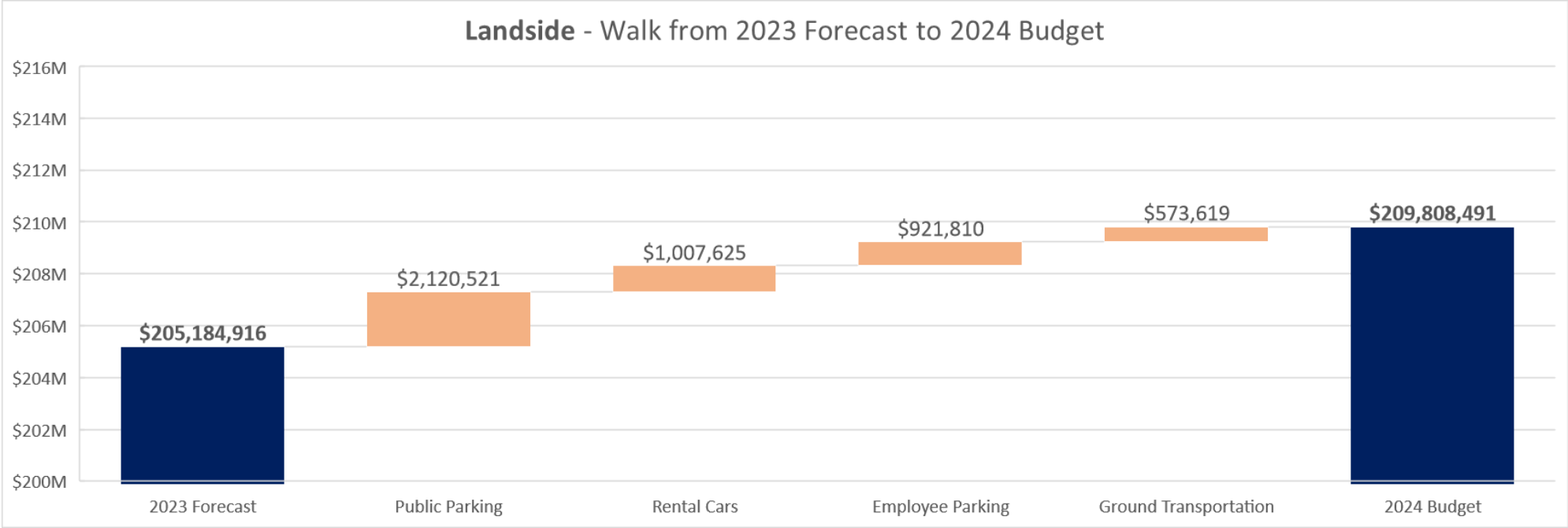
# Walk to Total Non-Aero 2024 Budget



2024 Total Non-Aero Revenues expected to grow by **\$11.3M / 3.5%** vs. the latest FY23 Forecast – and grow by **\$36.6M / 12.3%** vs. the 2023 Budget

- *Other Landside includes Employee Parking & Ground Transportation (including cost recovery components)*
- *Airport Properties includes Flight Kitchens, CLEAR, SEA Clubs & Lounges, and other non-aero lease agreements*

# Walk to 2024 Landside Revenue Budget

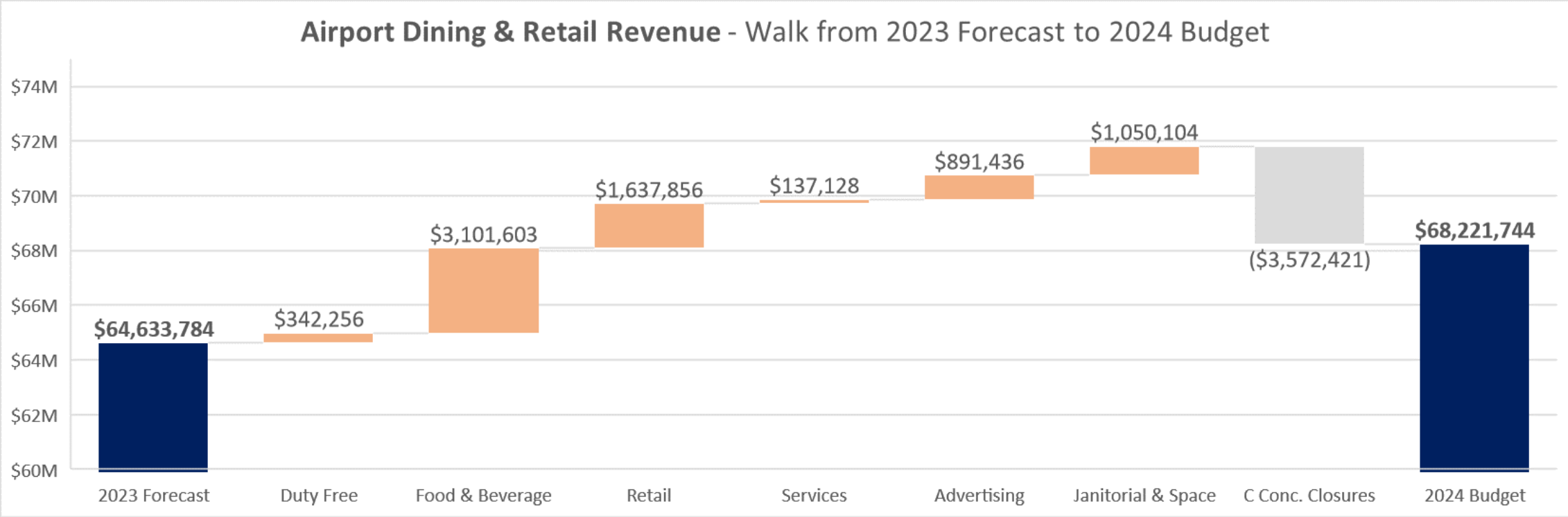


Total 2024 Landside Revenues are expected to come in **\$4.6MM / 2.3%** above the 2023 Forecast (\$24.4M / 13.2% above the 2023 Budget)

- **Public Parking:** Gross revenue growth from a full year of higher rates (increased June 1, 2023) partially offset by Pre-Booking program transition to Reserved Parking in late 2023
  - 2024 Budget reflects the move to the 4th floor and reduced available stalls for the program; Drive-Up expected to absorb majority of the previously pre-booked transactions.
- **Rental Cars:** Growth in Origin & Destination (O&D) enplanements expected to be partially offset by trend continuation of rental rates returning closer to lower pre-pandemic levels
  - Customer Facility Charge (CFC) rate planned to increase from \$7.25 to \$7.50 in 2024; CFC operating revenue forecast to grow by \$2.9M
- **Employee Parking:** Cost recovery business, with increases in expected revenue from new assets placed in service, addition of new real estate costs, and general expense growth YoY
- **Ground Transportation:** Transportation Network Company (TNC) and On-Demand Taxi revenues expected to continue growing largely in line with O&D enplanement growth
  - TNC Pick-up and Drop-off fees remaining steady (\$4 drop-off, \$6 pickup), though high levels of electric vehicle usage (~10%) means higher drop-off discounts (~\$1.30)

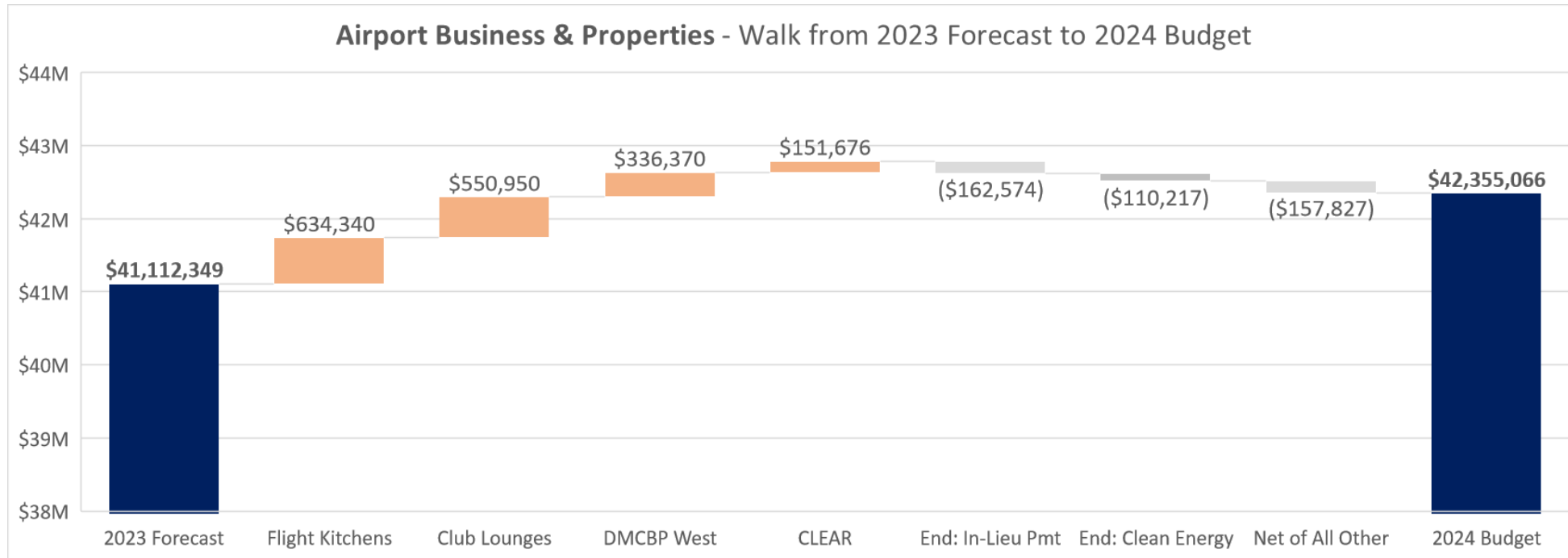


# Walk to Airport Dining & Retail Budget



- Gross revenue growth in ADR anticipated from higher enplanements and inflation/cost pressures is going to be partially offset by closures from the C Concourse Expansion project (currently estimated to be ~\$3.6M in 2024, or ~\$300K/month)
- *Note that the plan to execute and begin the new \$1.0M tenant janitorial trash removal agreement may be subject to shifts in timing, though any adjustment to revenue will correspond to an equal adjustment to expense*

# Walk to Airport Properties Budget



- 2024 AVBP Revenues are expected to come in **\$1.2M / 3.0%** above the 2023 Forecast (\$6.4M / 18.0% above the 2023 Budget)
- Key Drivers:
  - Flight Kitchens are expected to continue to grow after a strong recovery year in 2023, though will begin to run into some capacity constraints
  - SEA’s Concourse A & SSAT Club lounges will also grow largely in line with enplanements
  - A modest growth rate for CLEAR concession revenues is assumed, though is more difficult to forecast precisely
  - New DMCBP West agreement featuring a lower level of construction rent through 2024
- Partially Offsetting this Growth:
  - End of the 7-year repayment period of the pre-paid frontage fees for DMCBP (ended June 2023 as scheduled with DMCBP Ph III)
  - Termination of Clean Energy agreement effective 10/31/2023, with the Port planning to use the space for logistics and/or PCS yard expansion

# Public Parking Transactions & Metrics

Drive-Up Parking Metrics <i>Revenue per O&amp;D Enplanement</i>	2019	2023	2023	2024	Inc/(Dec) from 2023 Forecast		Inc/(Dec) from 2023 Budget	
	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
Short-Term (<1 Day) Transactions	1,518,677	1,221,923	1,332,388	1,426,882	94,494	7.1%	204,959	16.8%
Long-Term (>1 Day) Transactions	683,537	564,737	570,261	603,329	33,068	5.8%	38,592	6.8%
Pre-Booked/Reserved Transactions	N/A	100,754	107,006	48,015	(58,991)	-55.1%	(52,739)	-52.3%
<b>Total Transactions</b>	<b>2,202,214</b>	<b>1,887,414</b>	<b>2,009,655</b>	<b>2,078,226</b>	<b>68,571</b>	<b>3.4%</b>	<b>190,812</b>	<b>10.1%</b>
Short-Term (<1 Day) Transactions/1000 O&D	83.6	72.0	75.3	77.3	2.0	2.7%	5.2	7.3%
Long-Term (>1 Day) Transactions/1000 O&D	37.6	33.3	32.2	32.7	0.5	1.4%	(0.6)	-1.9%
Pre-Booked/Reserved Transactions/1000 O&D	N/A	5.9	6.0	2.6	(3.4)	-57.0%	(3.3)	-56.2%
<b>Total Transactions/1000 O&amp;D</b>	<b>121.2</b>	<b>111.3</b>	<b>113.5</b>	<b>112.5</b>	<b>(1.0)</b>	<b>-0.9%</b>	<b>1.3</b>	<b>1.1%</b>
Short-Term (<1 Day) Average Ticket	\$ 9.98	N/A	\$ 15.01	\$ 16.50	\$ 1.49	9.9%	N/A	0.0%
Long-Term (>1 Day) Average Ticket	\$ 108.80	N/A	\$ 140.20	\$ 151.69	\$ 11.49	8.2%	N/A	0.0%
Pre-Booked/Reserved Average Ticket	N/A	N/A	\$ 146.21	\$ 193.57	\$ 47.36	32.4%	N/A	0.0%
<i>Total Enplanements</i>	25,873,875	24,443,706	25,511,696	26,457,228	945,533	3.7%	2,013,522	8.2%
<i>O&amp;D %</i>	70.2%	69.4%	69.4%	69.8%	0.4%	0.6%	0.4%	0.6%
<i>O&amp;D Enplanements</i>	18,163,460	16,963,932	17,705,117	18,467,145	762,028	4.3%	1,503,213	8.9%

- Public Parking transactions are expected to increase by 69K, 3.4% over the latest 2023 Forecast
- Average Ticket reflects impacts of rate increases, trend towards longer lengths of stay
  - Increase in Reserved Average Ticket captures shift to 4<sup>th</sup> floor; exhibits potential for future revenue growth within the Reserved Parking program

# Public Parking – Rate Change History

<b>Public Parking Garage</b>							
<b><u>Tariff Parking Rate Change Summary</u></b>							
<b>General Parking</b>	<b>2007</b>	<b>2010</b>	<b>2017</b>	<b>2019</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Hourly	\$ 2.00	\$ 3.00	\$ 4.00	\$ 5.00	\$ 6.00	\$ 8.00	\$ 8.00
Daily	\$ 26.00	\$ 28.00	\$ 30.00	\$ 32.00	\$ 34.00	\$ 37.00	\$ 37.00
Weekly	\$ 130.00	\$ 130.00	\$ 140.00	\$ 149.00	\$ 169.00	\$ 222.00	\$ 222.00
Hourly		50%	33%	25%	20%	33%	0%
Daily		8%	7%	7%	6%	9%	0%
Weekly		0%	8%	6%	13%	31%	0%
<b>Terminal Direct - Floor 4</b>	<b>2007</b>	<b>2010</b>	<b>2017</b>	<b>2019</b>	<b>2022</b>	<b>2023</b>	<b>2024*</b>
Hourly	\$ 4.00	\$ 4.00	\$ 5.00	\$ 6.00	\$ 7.00	\$ 10.00	N/A
Daily	\$ 35.00	\$ 35.00	\$ 37.00	\$ 39.00	\$ 42.00	\$ 47.00	\$ 47.00
Weekly	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hourly		0%	25%	20%	17%	43%	N/A
Daily		0%	6%	5%	8%	12%	0%
Weekly							

\*Terminal Direct converting to Reserved Parking in late 2023, rate subject to demand-based adjustments

# Top 20 Airports Rates Benchmark



SEA parking rates are at the higher end of the range for Top 20 airports, aligning with a robust economy, relatively high cost of living, and the impact of the high City of Seatac Parking Tax (\$3.82 in 2023; adjusted annually based on SEA CPI-W).

Note that this analysis was prepared prior to the 2023 rate adjustment going into effect in June and accordingly refers to the adjustment as “Proposed”

# Rental Car – Revenue & Metrics

Revenue Summary <i>Org(s): 3430-Rental Cars, Class: Top Level</i>	2019	2023	2023	2024	Inc/(Dec) from 2023 Forecast		Inc/(Dec) from 2023 Budget	
	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
<b>Operating Revenue</b>								
<b><u>Concession Revenue &amp; Metrics</u></b>								
Transactions/O&D Enplanement	7.79%	7.00%	6.86%	6.95%	0.09%	1.3%	-0.05%	-0.7%
Total Transactions	1,414,096	1,187,100	1,215,145	1,283,418	68,273	5.6%	96,318	8.1%
Average Ticket Price	\$ 232.06	\$ 295.04	\$ 324.59	\$ 294.93	\$ (29.66)	-9.1%	\$ (0.11)	0.0%
Gross Sales by Operators	328,155,837	350,245,850	394,422,147	378,516,680	(15,905,467)	-4.0%	28,270,830	8.1%
<b>Car Rental - Concession Revenues</b>	<b>32,869,677</b>	<b>35,024,585</b>	<b>39,442,216</b>	<b>37,851,668</b>	<b>(1,590,548)</b>	<b>-4.0%</b>	<b>2,827,083</b>	<b>8.1%</b>
<b><u>CFC Revenue Summary</u></b>								
Average Length of Stay	4.49	4.71	4.70	4.60	(0.09)	-2.0%	(0.11)	-2.3%
Total Transaction Days	6,349,291	5,590,600	5,706,911	5,906,301	199,391	3.5%	315,701	5.6%
CFC Rate per Transaction Day	6.00	7.00	7.25	7.50	0	3.4%	1	7.1%
CFC Revenue Earned	38,095,746	39,134,200	41,375,103	44,297,259	2,922,157	7.1%	5,163,059	13.2%
Debt Service Reserve Requirement	(22,355,310)	(24,657,600)	(24,657,600)	(25,008,087)	(350,487)	1.4%	(350,487)	1.4%
<b>CFC Operating Revenue</b>	<b>15,773,172</b>	<b>14,476,600</b>	<b>16,796,972</b>	<b>19,398,514</b>	<b>2,601,542</b>	<b>15.5%</b>	<b>4,921,914</b>	<b>34.0%</b>
<b>Land Rental</b>	<b>3,823,883</b>	<b>4,235,916</b>	<b>4,235,916</b>	<b>4,235,916</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>Space Rental</b>	<b>14,048</b>	<b>6,732</b>	<b>3,366</b>	<b>0</b>	<b>(3,366)</b>	<b>-100.0%</b>	<b>(6,732)</b>	<b>-100.0%</b>
<b>Other Service Revenues</b>	<b>85,763</b>	<b>85,944</b>	<b>112,944</b>	<b>112,944</b>	<b>0</b>	<b>0.0%</b>	<b>27,000</b>	<b>31.4%</b>
<b>Total Operating Revenues</b>	<b>52,566,544</b>	<b>53,829,777</b>	<b>60,591,414</b>	<b>61,599,042</b>	<b>1,007,628</b>	<b>1.7%</b>	<b>7,769,265</b>	<b>14.4%</b>
<i>Total Enplanements</i>	<i>25,873,875</i>	<i>24,443,706</i>	<i>25,511,696</i>	<i>26,457,228</i>	<i>945,533</i>	<i>3.7%</i>	<i>2,013,522</i>	<i>8.2%</i>
<i>O&amp;D %</i>	<i>70.2%</i>	<i>69.4%</i>	<i>69.4%</i>	<i>69.8%</i>	<i>0.4%</i>	<i>0.6%</i>	<i>0.4%</i>	<i>0.6%</i>
<i>O&amp;D Enplanements</i>	<i>18,163,460</i>	<i>16,963,932</i>	<i>17,705,117</i>	<i>18,467,145</i>	<i>762,028</i>	<i>4.3%</i>	<i>1,503,213</i>	<i>8.9%</i>

- Rental Car revenue is increasing \$1.0M, or 1.7%, over the latest FY23 forecast, and \$7.8M over the 2023 Budget
  - Rental rates have remained elevated in 2023, but fallen from 2022 peaks; \$295 Avg. Ticket in 2024 Proposed Budget reflects expectation of this downward trend to continue
  - Transactions rebounding as rental rates fall; transaction growth expected to outpace O&D Enplanement growth in 2024
  - CFC rate planned to increase from \$7.25 to \$7.50 in 2024, CFC operating revenue forecast to grow by \$2.5M

# Customer Facility Charge – Rate Change History

<b>Rental Cars</b>		<b><u>CFC Rate Change Summary</u></b>						
	<b>2006</b>	<b>2009</b>	<b>2012</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	
CFC Rate	\$ 4.00	\$ 5.00	\$ 6.00	\$ 6.50	\$ 7.00	\$ 7.25	\$ 7.50	
<i>Rate Change (\$)</i>		\$ 1.00	\$ 1.00	\$ 0.50	\$ 0.50	\$ 0.25	\$ 0.25	
<i>Rate Change (%)</i>		25%	20%	8%	8%	4%	3%	

Customer Facility Charge – rate change strategy:

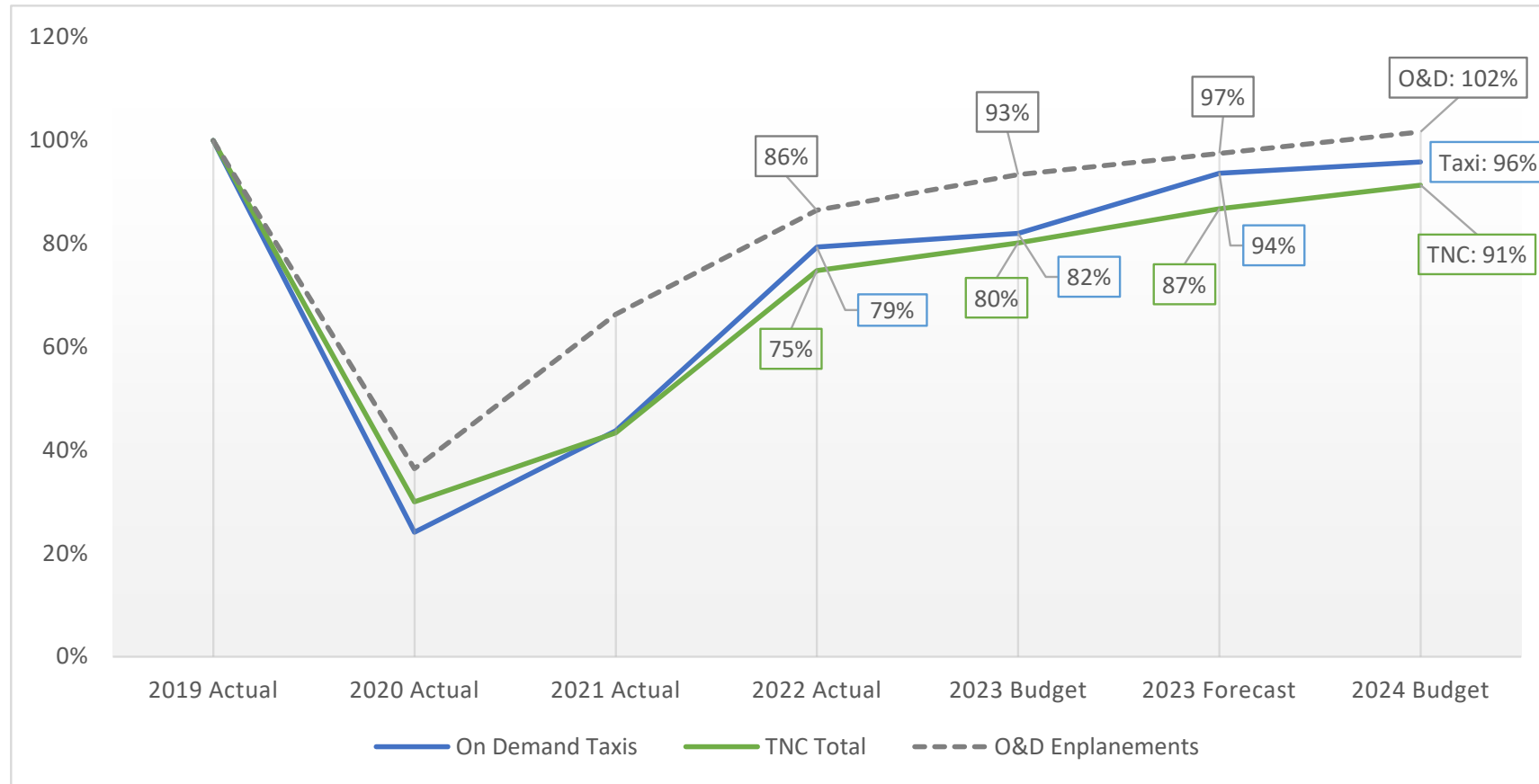
- Keep pace with growth in operating expenses
- Prepare for future capital investments needed to maintain Rental Car Facility
- Prudent growth in fund balance to withstand adverse circumstances

# Ground Transportation – Trips & Metrics

GT Trip Activity	2019	2023	2023	2024	Inc/(Dec) from 2023 Forecast		Inc/(Dec) from 2023 Budget	
	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
<b><u>Ground Transportation Trips</u></b>								
On Demand Taxis	621,541	509,475	582,058	595,515	13,457	2.3%	86,040	16.9%
TNC Drop-Offs	2,704,000	2,035,632	2,246,600	2,354,915	108,316	4.8%	319,283	15.7%
TNC Pick-Ups	2,163,610	1,866,776	1,975,300	2,091,042	115,742	5.9%	224,266	12.0%
TNC Total	4,867,610	3,902,408	4,221,900	4,445,957	224,058	5.3%	543,549	13.9%
<b>Total GT Compensatory Trips</b>	<b>5,489,151</b>	<b>4,411,883</b>	<b>4,803,958</b>	<b>5,041,472</b>	<b>237,515</b>	<b>4.9%</b>	<b>629,589</b>	<b>14.3%</b>
<b><u>GT Trips per O&amp;D Enplanement</u></b>								
On Demand Taxis	3.4%	3.0%	3.3%	3.2%	-0.1%	-1.9%	0.2%	7.4%
TNC Drop-Offs	14.9%	12.0%	12.7%	12.8%	0.1%	0.5%	0.8%	6.3%
TNC Pick-Ups	11.9%	11.0%	11.2%	11.3%	0.2%	1.5%	0.3%	2.9%
TNC Total	26.8%	23.0%	23.8%	24.1%	0.2%	1.0%	1.1%	4.7%
<b>Trips per O&amp;D Enplanement (Compensatory)</b>	<b>30.2%</b>	<b>26.0%</b>	<b>27.1%</b>	<b>27.3%</b>	<b>0.2%</b>	<b>0.6%</b>	<b>1.3%</b>	<b>5.0%</b>
<i>Total Enplanements</i>	25,873,875	24,443,706	25,511,696	26,457,228	945,533	3.7%	2,013,522	8.2%
<i>O&amp;D %</i>	70.2%	69.4%	69.4%	69.8%	0.4%	0.6%	0.4%	0.6%
<i>O&amp;D Enplanements</i>	18,163,460	16,963,932	17,705,117	18,467,145	762,028	4.3%	1,503,213	8.9%



# Ground Transportation – Trips Compared to 2019



- GT Compensatory trips continue to rebound compared to 2019 levels O&D Enplanements and TNC/Taxi trip growth converging

# Airport Dining Retail Revenue Metrics

Revenue Summary <i>Org(s): 3650-Airport Dining and Retail, Class: Top Level</i>	2019	2023	2023	2024	Inc/(Dec) from 2023 Forecast		Inc/(Dec) from 2023 Budget	
	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
<b>Sales per Enplanement (SPE)</b>								
Duty Free	0.77	0.55	0.59	0.65	0.05	9.0%	0.10	17.3%
Food & Beverage	7.56	10.39	10.11	9.95	-0.16	-1.6%	-0.44	-4.2%
Retail	3.99	5.33	5.08	5.00	-0.08	-1.6%	-0.33	-6.2%
Services	0.80	0.63	0.82	0.83	0.01	1.2%	0.20	32.1%
Advertising	0.44	0.29	0.39	0.38	-0.01	-2.2%	0.09	31.7%
<b>Total Sales per Enplanement</b>	<b>13.56</b>	<b>17.18</b>	<b>16.98</b>	<b>16.80</b>	<b>-0.18</b>	<b>-1.1%</b>	<b>-0.38</b>	<b>-2.2%</b>
<b>Revenue per Enplanement (RPE)</b>								
Duty Free	0.24	0.10	0.10	0.11	0.01	9.0%	0.01	14.2%
Food & Beverage	1.02	1.37	1.25	1.25	0.01	0.5%	-0.11	-8.3%
Retail	0.63	0.74	0.78	0.74	-0.03	-3.9%	0.00	0.0%
Services	0.15	0.15	0.11	0.11	0.00	-2.4%	-0.04	-27.3%
Advertising	0.28	0.20	0.26	0.29	0.02	9.2%	0.09	45.3%
<b>Total Revenue per Enplanement</b>	<b>2.38</b>	<b>2.64</b>	<b>2.53</b>	<b>2.58</b>	<b>0.05</b>	<b>1.8%</b>	<b>-0.06</b>	<b>-2.3%</b>
<i>Total Enplanements</i>	25,873,875	24,443,706	25,511,696	26,457,228	945,533	3.7%	2,013,522	8.2%
<i>International Enplanements</i>	2,857,964	2,698,204	2,831,372	2,927,471	96,099	3.4%	229,266	8.5%

Growth in Sales per Enplanement (SPE) from continued inflation pressures, rising employee and supply costs, and labor challenges in this market will be largely offset by upcoming closures related to the C Concourse Expansion capital project

# Non-Aeronautical Commercial Properties Revenue

Revenue Summary <i>Org(s): 3630-Non-Aero Commercial Properties, Class: Top Level</i>	2019	2023	2023	2024	Inc/(Dec) from 2023 Forecast		Inc/(Dec) from 2023 Budget	
	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
<b>Operating Revenue</b>								
Land Rental	4,658,486	5,572,421	5,263,892	5,586,400	322,508	6.1%	13,979	0.3%
Space Rental	463,780	999,417	1,161,048	1,007,324	(153,724)	-13.2%	7,907	0.8%
In-Flight Kitchen Revenue	10,053,122	10,219,884	13,266,540	13,900,880	634,340	4.8%	3,680,996	36.0%
Other Service Revenues	548,231	167,378	163,474	900	(162,574)	-99.4%	(166,478)	-99.5%
Operating Grant Revenues	49,188	0	0	0	0		0	
<b>Total Operating Revenues</b>	<b>15,772,806</b>	<b>16,959,099</b>	<b>19,854,953</b>	<b>20,495,504</b>	<b>640,550</b>	<b>3.2%</b>	<b>3,536,404</b>	<b>20.9%</b>
Total Enplanements	25,873,875	24,443,706	25,511,696	26,457,228	945,533	3.7%	2,013,522	8.2%
International Enplanements	2,857,964	2,698,204	2,831,372	2,927,471	96,099	3.4%	229,266	8.5%
Kitchen RPE - Total	0.39	0.42	0.52	0.53	0.01	1.0%	0.11	25.7%
Kitchen RPE - Int'l	3.52	3.79	4.69	4.75	0.06	1.3%	0.96	25.4%

- Land Rent up \$323K, driven by new DMCBP West lease and a full year of the 2023 DMCBP North market rate adjustment
- Space Rent down (\$154K) driven by termination of Clean Energy agreement ending 10/31/2023 and a temporary Alaska lease to use contractor lot ending 9/30/2023 (no revenue stream replacements)
- Flight Kitchen revenues continue to build on strong growth in 2023 and will slightly outpace enplanement growth
- Other Revenues down (\$163K) as the 7-year repayment period of the pre-paid frontage fees is ended in 2023
  - DMCBP Ph I ended mid-2022 and DMCBP Ph III ended mid-2023

# Non-Aeronautical Terminal Leased Space Revenue

Revenue Summary <i>Org(s): 3645-Non-AirlineTerminal Leased Spc, Class: Top Level</i>	2019	2023	2023	2024	Inc/(Dec) from 2023 Forecast		Inc/(Dec) from 2023 Budget	
	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
<b>Operating Revenue</b>								
Maintenance Service Fees	238,445	20,635	21,763	28,225	6,461	29.7%	7,590	36.8%
Space Rental	6,159,134	9,069,676	9,762,906	9,807,661	44,755	0.5%	737,985	8.1%
<b>Total Operating Revenues</b>	<b>6,398,122</b>	<b>9,090,311</b>	<b>9,784,669</b>	<b>9,835,886</b>	<b>51,217</b>	<b>0.5%</b>	<b>745,575</b>	<b>8.2%</b>
<i>Total Enplanements</i>	25,873,875	24,443,706	25,511,696	26,457,228	945,533	3.7%	2,013,522	8.2%
<i>International Enplanements</i>	2,857,964	2,698,204	2,831,372	2,927,471	96,099	3.4%	229,266	8.5%

- The American Express Lounge opened in early 2023 and added ~\$2M in additional space rent for the Port
  - Note that this agreement is for space rental and will not necessarily scale with enplanements
- CLEAR continues to see steady sales and revenue figures after a strong year of growth in 2023 from pricing increases
  - It is projected to produce \$35M in sales and \$3.5M in rent to the Port in 2024 via the existing concession agreement
- 20 other leases existing today are driving the remaining revenues in this ORG outside of AmEx and CLEAR, and are driven by centralized annual terminal rent rates

# Club Lounges Revenue

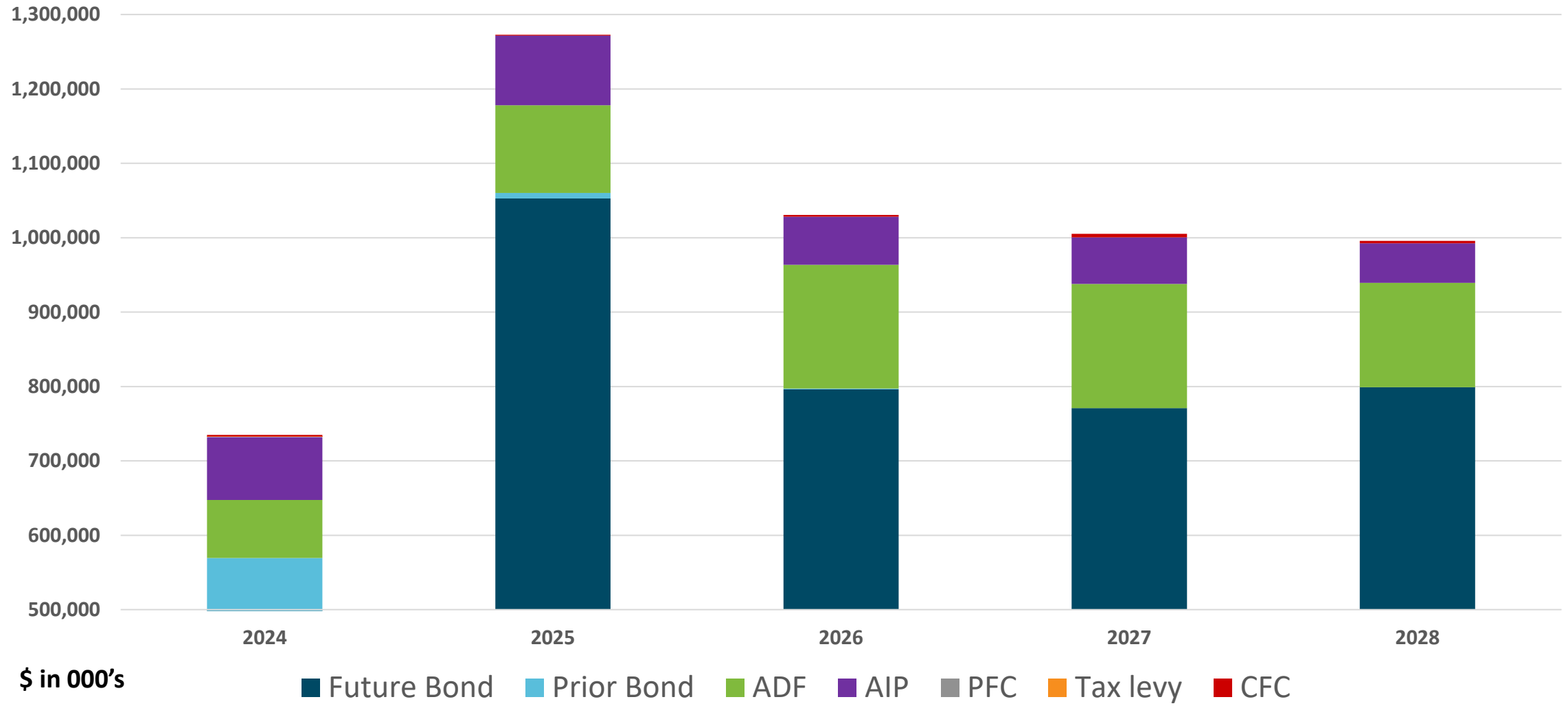
Revenue Summary <i>Org(s): 3690-Club International Lounge, Class: Top Level</i>	2019	2023	2023	2024	Inc/(Dec) from 2023 Forecast		Inc/(Dec) from 2023 Budget	
	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
<b>Operating Revenue</b>								
Space Rental	10,273,504	9,858,518	11,472,726	12,023,676	550,950	4.8%	2,165,158	22.0%
<b>Total Operating Revenues</b>	<b>10,273,504</b>	<b>9,858,518</b>	<b>11,472,726</b>	<b>12,023,676</b>	<b>550,950</b>	<b>4.8%</b>	<b>2,165,158</b>	<b>22.0%</b>
<i>Total Enplanements</i>	25,873,875	24,443,706	25,511,696	26,457,228	945,533	3.7%	2,013,522	8.2%
<i>International Enplanements</i>	2,857,964	2,698,204	2,831,372	2,927,471	96,099	3.4%	229,266	8.5%

Club Lounges revenue of \$12.0M is increasing in 2024 by \$551K, or 4.8%, vs. the latest 2023 Forecast after significantly outperforming budget all year and finally surpassing 2019 levels

- The Concourse A & SSAT lounges are managed by Airport Dimensions, with revenue and direct expenses passed on to the Port
  - Revenue comes from Day Pass sales (\$35) and Priority Pass visits (\$24)
  - Airport Dimensions is compensated through a fixed monthly management fee, plus an annual incentive management fee (to be discussed in more detail during expense panels next week)
- No pricing changes expected in 2024, so year over year growth is largely tied to growth in enplanements and pass type mix
- Concourse A construction impacts will temporarily cause capacity restrictions at different points in the year, though will be partially offset by SSAT visits

# CAPITAL PROGRAM

# 2024 – 2028 Preliminary Capital Funding Plan



# 2024 – 2028 Preliminary Financial Forecast Assumptions

Forecast Assumptions:	2024 Budget	2025	2026	2027	2028
Base O&M growth	9.9%	8.0%	7.0%	6.0%	6.0%
Expenditure Growth		8.3%	5.7%	5.5%	8.1%
Enplanement growth	3.9%	2.7%	1.5%	0.7%	0.8%
Capital Expenditures (\$ in millions) <sup>1</sup>	\$ 735	\$ 1,273	\$ 1,031	\$ 1,005	\$ 996
Non-airline revenue growth	4.1%	7.1%	4.5%	9.7%	3.4%
Bond Interest Rate	5.25%	5.25%	5.25%	5.25%	5.25%
Amortization Rate	4.5%	4.0%	4.0%	4.0%	4.0%
Interest Earnings Rate	3.5%	3.5%	3.5%	3.5%	3.5%

<sup>1</sup> Capital Expenditures include public expenses, airport funded corporate and EDD capital projects

- Expenditure growth is different from base O&M growth because it includes one-time items such as environmental remediation and airline realignment expenses



Construction 26%



# Concourse C Expansion

**Scope:** Add 4 floors to the existing 3-floor C1 Building.  
Includes: Airport Dining and Retail space, office space, and lounge space, amenities such as nursing room, meditation room, and sensory room.

**Authorized Program Budget: \$399M**

**Schedule: May 4, 2026**

Design Complete Q1 2023

Early Work Packages Start Q2 2022

Full Construction Starts Q2 2023

Substantial Completion Q2 2026

# SEA Gateway/North Main Terminal Redevelopment Program

**Scope:** Alaska Airlines is designing and constructing a tenant reimbursement agreement program to redevelop their Ticketing and other support areas of the Main Terminal to improve passenger check-in, bag drop, and security screening capacity.

**Authorized Program Budget: \$546M**

**Schedule: Q1 2021 – Q2 2026**

- **Design Start:** Q3 2021
- **Phase A Construction:** Q3 2022 – Q3 2024  
(Bridge/Promenade & Baggage Claim)
- **Phase B Construction:** Q4 2023 – Q2 2026  
(Ticketing, Mezzanine & Checkpoint 5)

Phase A – Construction 40%



Phase B Work at 95% Design





30% Construction Completion



# Concourse A Lounge Expansion Projects

**Scope:** Delta Air Lines is sponsoring and managing a tenant reimbursable project to build a new structure at the end of Concourse A to support an expanded Club @ SEA and new Delta Sky Club.

**GMP: \$126.5M**

**Schedule: Q2 2021 – Q2 2024**

Construction Q4 2022 – Q4 2024

TCO – October 2024

Designer and Contractor Selected



# S Concourse Evolution

**Scope:** This project will seismically and structurally strengthen the SSAT, complete the effort of bringing all its building systems up to date, completely replace the lower-level FIS facility, and remodel and expand the retail, dining, and club space on the upper floors of the facility.

**Target Estimated Budget Range: \$1.4B - \$1.7B**

**Schedule: Q4 2021 – 2031**

Design Begin Q3 2023

Construction NTP Q3 2025

Substantial Completion 2031

## RFP Solicitation for Duty Free Vendor Released



# Concourse A Duty Free

**Scope:** Design and construct a walk-through Duty Free on Concourse A, adjacent to the new IAF exit for connecting passengers. This 11,000 sq. ft. project will be delivered via a Tenant Reimbursement Agreement (TRA).

**Target Estimated TRA Budget: \$33M – \$45M**

**Schedule: Q2 2021 – Q4 2027**

PDD 2021 – 2022

RFP Solicitation for Duty Free Released Q3 2023

Award Duty Free Contract Q2 2024

Design Start Q2 2024

Construction Q2 2025 - Q2 2027



PDD Initiated in 2022



# Main Terminal Improvements Program

**Total Program Budget: \$800M**

**Scope Includes:** Smoke control and sprinkler installation, ceiling, lighting, mezzanine security improvements, restroom renovations, ceiling signage, sewer & domestic water improvements, Baggage level optimization plan implementation, bag claim devices renewal and replacement, elevator renewal and replacement, new signage, updated standards/requirements, aesthetic visioning implementation, sustainability and innovation program allowances.

**Target Estimated Budget Range: \$800M - \$1B**

**Program Schedule Duration to 2033**

# OTHER SUPPORTING INFORMATION

# Environmental Remediation Liability (ERL) Expense

Environmental Remediation Liability Expense <i>Org Basis (in 000's)</i>	2022	2023	2023	2024	Forecast Change 2024 B v 2023 B	
	Actual	Budget	Forecast	Budget	\$	%
North Satellite	(2,169)		(26)	-	-	-
NMT Redevelopment (SEA Gateway)	1,124	4,390	4,657	-	(4,390)	-
MT Low Voltage System Upgrade	-	2,500	5,386	-	(2,500)	-
Concourse A Lounge (Delta TRA)	-	-	683	-	-	-
Airfield Pavement	-	100	-	-	(100)	-
C Concourse Expansion	-	-	185	-	-	-
Zone 2 Common Use Conversion	-	-	120	-	-	-
Lora Lake (Lake Parcel)	(47)	-	9	-	-	-
Airline Realignment	-	-	-	157	157	-
All other RMM expense	(183)	130	13	-	(130)	-
<b>Total ERL Expense</b>	<b>(1,274)</b>	<b>7,120</b>	<b>11,027</b>	<b>157</b>	<b>(6,963)</b>	<b>(98%)</b>



# Acronyms

<b>AAAE</b>	American Association of Airport Executives
<b>AAHT</b>	Allies Against Human Trafficking
<b>AAG</b>	Alaska Air Group
<b>ACDBE</b>	Airport Concessions Disadvantaged Business Enterprise
<b>ADR</b>	Airport Dining & Retail
<b>ADF</b>	Aviation Development Fund
<b>AFFF</b>	Aqueous Film Forming Foam
<b>AIP</b>	Airport Improvement Plan
<b>AOA</b>	Airport Operations Area
<b>AOB</b>	Airport Office Building
<b>ARPA</b>	American Rescue Plan Act
<b>B&amp;O Tax</b>	Business & Occupation Tax
<b>BIM</b>	Building Information Modeling
<b>CA</b>	Century Agenda
<b>CAGR</b>	Compound Annual Growth Rate
<b>CBP</b>	US Customs & Border Protection
<b>CFC</b>	Customer Facility Charge
<b>CIP</b>	Capital Improvement Program
<b>COE</b>	Center of Expertise
<b>COLA</b>	Cost of Living Adjustment
<b>CoST</b>	City of SeaTac
<b>CP</b>	Commercial Paper
<b>CPE</b>	Cost Per Enplanement

<b>CRRSAA</b>	Coronavirus Response and Relief Supplemental Appropriations Act
<b>DBE</b>	Disadvantaged Business Enterprise
<b>DMCBP</b>	Des Moines Creek Business Park
<b>DS</b>	Debt Service
<b>EDD</b>	Economic Development Division
<b>EDP</b>	Executive Director Priorities
<b>ELT</b>	Executive Leadership Team
<b>ERL</b>	Environmental Remediation Liability
<b>EV</b>	Electric Vehicle
<b>FAA</b>	Federal Aviation Administration
<b>F&amp;I</b>	Facilities & Infrastructure (Port Dept)
<b>FIFA</b>	Fédération Internationale de Football Association
<b>FIS</b>	Federal Inspection System (US Customs)
<b>FOD</b>	Foreign Object Damage/Debris
<b>FTE</b>	Full-Time Equivalent (employee)
<b>GHG</b>	Greenhouse Gases
<b>GIS</b>	Geographic Information System
<b>GMP</b>	Guaranteed Maximum Price
<b>GSE</b>	Ground Service Equipment
<b>GT</b>	Ground Transportation
<b>IAF</b>	International Arrivals Facility
<b>ICT</b>	Information and Communications Technology (Port Dept)
<b>ILA</b>	Interlocal Agreement
<b>ITS</b>	Intelligent Traffic System

# Acronyms (cont'd)

<b>KPIs</b>	Key Performance Indicators
<b>MAP</b>	Million Annual Passengers
<b>NEPA</b>	National Environmental Policy Act
<b>NMT</b>	North Main Terminal Project
<b>NPDES</b>	National Pollutant Discharge Elimination System
<b>NSAT</b>	North Satellite
<b>NTP</b>	Near-Term Projects or Notice to Proceed
<b>NOI</b>	Net Operating Income
<b>O&amp;D</b>	Origin & Destination
<b>O&amp;M</b>	Operating & Maintenance
<b>Part 139</b>	FAA Airport Certification Status List
<b>Part 150</b>	FAA Regulation: Airport Noise Compatibility Planning
<b>PDD</b>	Pre-Design Definition
<b>PETS</b>	Passenger Experience Tracking Service
<b>PFAS</b>	Perfluoroalkyl and Polyfluoroalkyl Substances
<b>PFC</b>	Passenger Facility Charge
<b>PFP</b>	Pay for Performance
<b>P&amp;I</b>	Principle & Interest
<b>PIGs</b>	Pretty Important Goals
<b>PM</b>	Project Manager
<b>POS</b>	Port of Seattle
<b>POV</b>	Privately Owned Vehicle
<b>RFP</b>	Request for Proposal

<b>RMM</b>	Regulated Materials Management
<b>RPE</b>	Revenue per Enplanement
<b>RPIE</b>	Revenue per International Enplanement
<b>SAF</b>	Sustainable Aviation Fuel
<b>SAMP</b>	Sustainable Airport Master Plan
<b>SD</b>	Service Directive
<b>SEA</b>	Seattle-Tacoma International Airport
<b>SEPA</b>	State Environmental Policy Act
<b>SLOA</b>	Signatory Lease & Operating Agreement
<b>SMS</b>	Surface Management System
<b>SoCoEvo</b>	South Concourse Evolution
<b>SPU</b>	Seattle Public Utilities
<b>SSAT</b>	South Satellite
<b>SSCP</b>	Security Screening Checkpoints (TSA Lanes)
<b>StART</b>	Sea-Tac Telecommunications Architecture Review Team
<b>STS</b>	Satellite Transit System
<b>SWOT</b>	Strengths, Weaknesses, Opportunities, and Threats
<b>TCO</b>	Temporary Certificate of Occupancy
<b>TMF</b>	Tenant Marketing Fund
<b>TNC</b>	Transportation Network Companies (e.g., Lyft, Uber)
<b>TRA</b>	Tenant Reimbursement Agreement
<b>TSA</b>	Transportation Security Administration (US Customs)
<b>WIGs</b>	Wildly Important Goals
<b>WMBE</b>	Women & Minority Business Enterprise