

Aviation Division

2020 Preliminary Budget

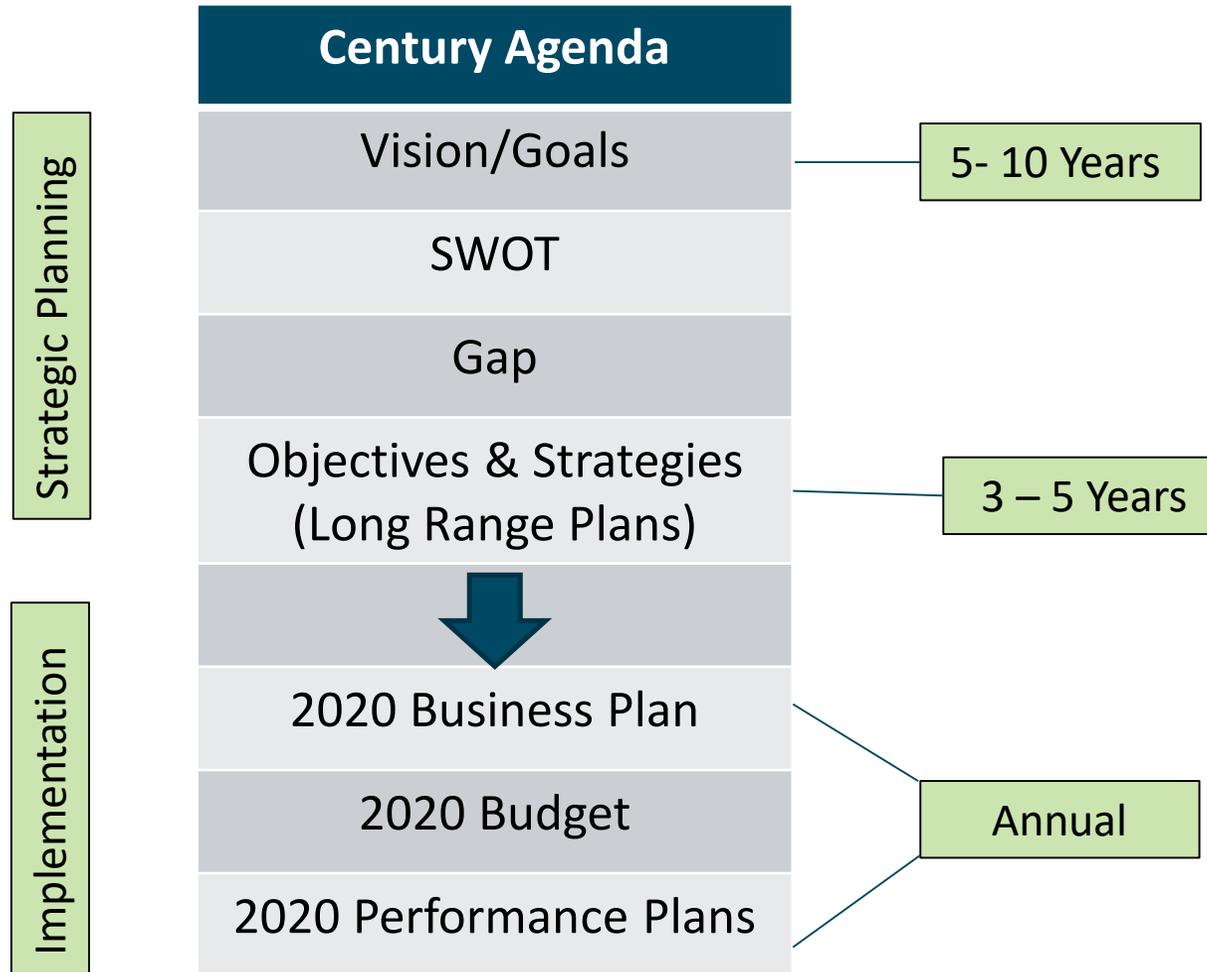
Commission Briefing

October 8, 2019

Outline for Aviation presentation

- Strategic priorities
- Operating budget summary
- Expense changes and budget requests
- Revenues and NOI: aeronautical and non-aeronautical
- Key measures and trends
- Capital Budget 2020 – 2024
- Proposed new capital projects
- Financial Forecast for 2020 – 2024
- Funding plan highlights, use of PFCs
- Appendix with budget details and reports

Strategy To Budget Process



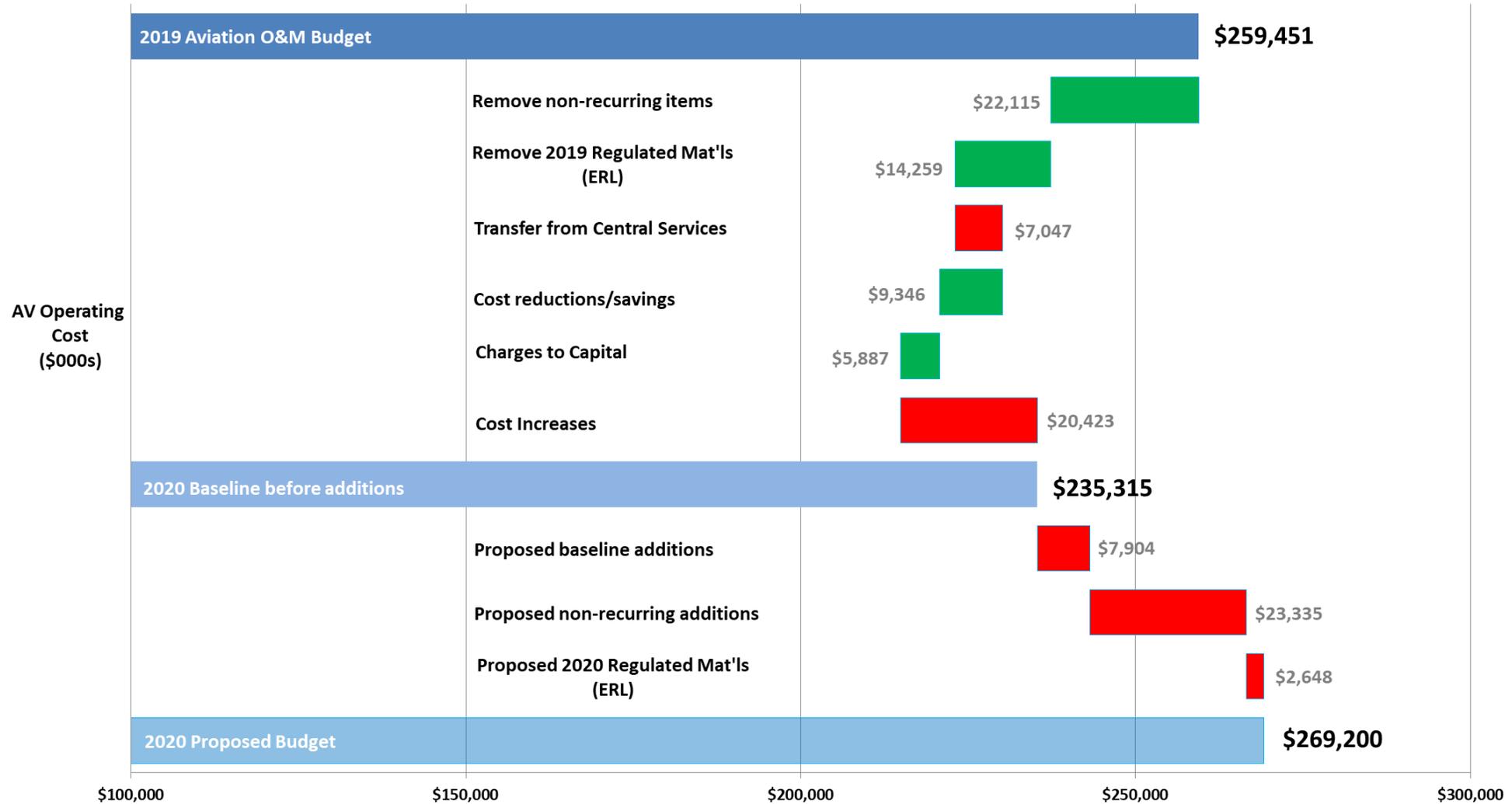
Strategic Priorities: Vision/Goals

| AV Priorities | Vision/Long-term Goals |
|--------------------------------------|--|
| Safety | Airfield Composite Safety Score = 35 100% of employees go home safely |
| Security | Zero discrepancies on TSA audit Zero breaches Zero incidents of intentional harm |
| Employees | Be a high performance organization 100% of staff understands how their work contributes to success of Airport and Port |
| Innovation & Efficiencies | Lean process improvements and innovation ingrained in Port's culture |
| Community & Social Responsibility | Sustainable share of Port economic opportunities go to disadvantaged businesses |
| Customer Service | Skytrax 5-Star ranking ASQ index score in top 5 of large hub airports |
| Environment & Sustainability | All Part 150 noise study commitments met, innovative noise reduction techniques explored Achieve Port goals for GHG emission for 2030 and 2050 |
| Financial Performance | Port can operate, maintain and upgrade facilities to accommodate regional demand while maintaining competitive CPE, manageable debt levels, and adequate debt service coverage |
| Facility Planning & Capital Projects | Provide facilities to meet demand for passenger and cargo service. Provide optimum level of service (at peak times). |

Budget Summary

| \$ in 000's | 2017 | 2018 | 2018 | 2019 | 2019 | 2020 | Budget Change | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|------------------|---------------|
| | Actual | Budget | Actual | Budget | Forecast | Budget | \$ | % |
| Operating Revenues: | | | | | | | | |
| Aeronautical Revenues | 267,690 | 301,082 | 291,268 | 365,604 | 364,106 | 401,817 | 36,213 | 9.9% |
| Non-Aeronautical Revenues | 236,803 | 244,786 | 257,707 | 259,537 | 268,431 | 283,169 | 23,632 | 9.1% |
| Total Operating Revenues | 504,492 | 545,867 | 548,975 | 625,140 | 632,537 | 684,986 | 59,846 | 9.6% |
| Operating Expenses: | | | | | | | | |
| Airport Direct Charges | 210,406 | 233,278 | 228,638 | 251,985 | 252,881 | 266,552 | 14,567 | 5.8% |
| Environmental Remediation Liability Exp | 8,812 | 4,030 | 6,233 | 14,259 | 12,793 | 2,648 | (11,612) | -81.4% |
| Total Charges from Other Divisions | 79,896 | 97,548 | 83,979 | 99,860 | 97,429 | 109,132 | 9,272 | 9.3% |
| Total Operating Expenses | 299,114 | 334,856 | 318,849 | 366,105 | 363,104 | 378,332 | 12,227 | 3.3% |
| Net Operating Income | 205,378 | 211,011 | 230,126 | 257,231 | 269,434 | 306,654 | 49,424 | 19.2% |
| CPE | 10.52 | 11.63 | 10.79 | 13.39 | 13.07 | 13.93 | 0.54 | 4.1% |
| Non-Aero NOI | 133,101 | 126,607 | 149,959 | 136,534 | 147,148 | 154,159 | 17,626 | 12.9% |
| Enplaned passengers (000s) | 23,416 | 24,654 | 24,894 | 25,394 | 25,890 | 26,667 | 1,273 | 5.0% |
| Capital Expenditures | 293,785 | 796,200 | 579,135 | 767,732 | 659,591 | 570,138 | (197,593) | -25.7% |

Aviation Operating Budget Changes



Budget process required cuts to absorb new costs and initiatives

Summary of Budget Requests

| Budget Request Category | # of Requests | 2020 Budget Requests (in \$000's) | | | |
|--|---------------|-----------------------------------|------------------|------------------|------------------|
| | | FTEs | Baseline | Non-Recurring | Total |
| Community and Social Responsibility | 6 | 1.00 | 175 | 432 | 607 |
| Customer Service | 25 | 5.75 | 536 | 4,627 | 5,163 |
| Employees | 10 | | 83 | 48 | 131 |
| Environment and Sustainability | 8 | 1.50 | 1,616 | 444 | 2,060 |
| Facility Planning and Capital Projects | 78 | 34.25 | 4,097 | 15,216 | 19,313 |
| Financial Performance | 9 | 3.00 | 197 | 1,530 | 1,727 |
| Innovation and Efficiencies | 6 | 1.00 | 186 | 353 | 538 |
| Safety | 16 | 2.00 | 613 | 626 | 1,239 |
| Security | 6 | 8.00 | 400 | 60 | 460 |
| 2020 Budget Requests - Total Proposed | 164 | 56.50 | \$ 7,904 | \$ 23,335 | \$ 31,239 |
| 2020 Budget Requests - Initial | 198 | 119.50 | \$ 18,558 | \$ 29,417 | \$ 47,975 |

Highlights of New FTE Requests

| AV Priority | Purpose/Outcome | FTEs |
|--|--|--------------|
| Community and Social Responsibility | Increase capacity to implement Part 150 Noise insulation programs | 1.00 |
| Customer Service | Enhance capacity to implement customer service programs and training to improve ASQ scores | 1.75 |
| | Improve customer experience and wayfinding | 4.00 |
| Environment and Sustainability | Implement environmental sustainability framework for new Aviation projects | 1.50 |
| Facility Planning and Capital Projects | Increase capacity to plan, manage and implement capital projects | 8.25 |
| | Enhance baggage system oversight and maintenance | 4.00 |
| | Maintain new facilities and equipment, deferred maintenance on existing facilities | 9.00 |
| | Increase custodial quality assurance | 1.00 |
| | Adequately maintain civil infrastructure utilities, stormwater system and solid waste utilities | 12.00 |
| Financial Performance | Increase capacity for financial analysis and reporting for non-aero business and capital project funding | 2.00 |
| | Extend hours of operation for load dock for ADR deliveries | 1.00 |
| Innovation and Efficiencies | Increase capacity to implement shark tank innovation ideas | 1.00 |
| Safety | Enhance ramp safety | 1.00 |
| | Increase Port-wide emergency preparedness capacity | 1.00 |
| Security | Implement random employee screening | 6.00 |
| | Increase capacity to process background checks for badges | 1.00 |
| | Increase capacity for security monitoring and dispatch | 1.00 |
| Total | | 56.50 |

| Changes in FTES | | |
|---------------------------|---------|----------|
| Approved 2019 FTEs | | 1,143.53 |
| Transfers | | 64.00 |
| Eliminated positions | (42.75) | |
| Added positions | 27.25 | |
| Net change | (15.50) | |
| Proposed new FTEs | 56.50 | |
| Net increase | 41.00 | 41.00 |
| Proposed 2020 FTEs | | 1,248.53 |

- Scrutinized existing FTEs before adding new
- Net increase of 41 consistent with multi-year plan to address needs

Highlights of Other Budget Requests

| AV Priority | Purpose/Outcome | 2020 Requests |
|---|---|---------------|
| Community and Social Responsibility | Maintain public art - increase art conservation budget | 305 |
| Customer Service | Enhance facility cleanliness and appearance - window cleaning | 600 |
| | Increase customer service for arriving international passengers - increase contracted staff support | 667 |
| | Reduce passenger wait times at checkpoints - queue management staffing contract | 2,500 |
| Environment and Sustainability | Reduce carbon foot print - utilize renewable natural gas | 1,474 |
| Facilities, Planning and Capital Projects | Complete Sustainable Airport Master Plan | 1,800 |
| | Preserve critical asset - repair spalling in garage | 500 |
| | Maintain increased spending on pest control | 784 |
| | Advanced and on-call planning for existing and future facilities to define projects and better understand emerging challenges | 4,200 |
| | Initiate utilities master plan to enhance understanding of investments needed to support existing and future facilities | 2,000 |
| | Complete and implement asset management program to plan and prioritize future renewal and replacement investments | 2,000 |
| | New janitorial contract for International Arrivals Facility | 1,300 |
| | Downsize but continue with Executive Program Management contract to support capital program oversight | 750 |
| Financial Performance | Attract and retain new air service - incentive payments | 950 |
| Total Non-FTE Highlights | | 19,830 |

| Budget Highlights | |
|-----------------------------|------------|
| Cost of new FTEs | 3,436 |
| Non-FTEs Highlights | 19,830 |
| Total Budget Highlights | 23,267 |
| Total Budget Requests | 31,239 |
| Highlight % of total | 74% |

See Appendix for details of all 2020 budget requests

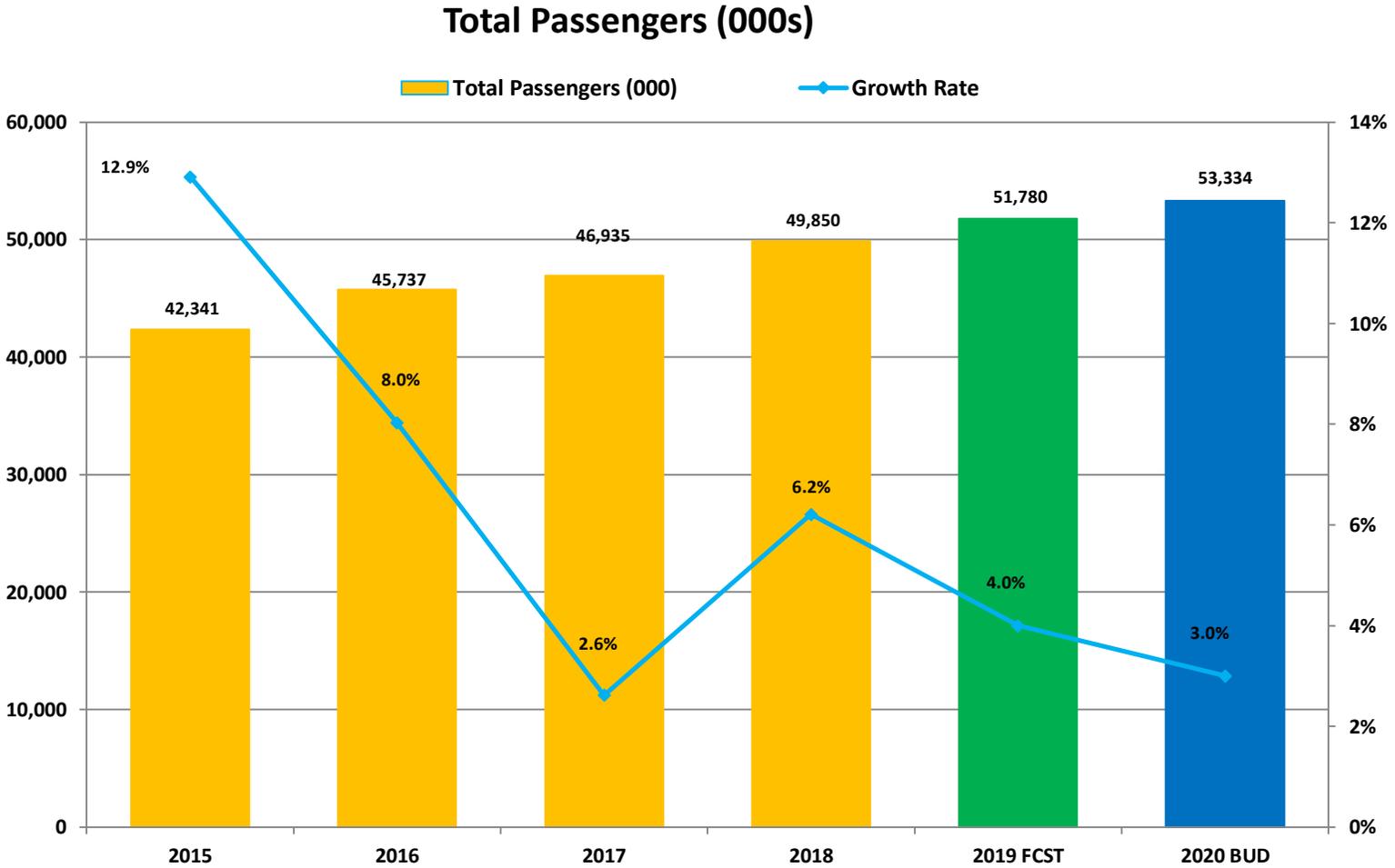
Non-Aero NOI

| \$ in 000's | 2017 | 2018 | 2018 | 2019 | 2019 | 2020 | Budget Change | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| | Actual | Budget | Actual | Budget | Forecast | Budget | \$ | % |
| Non-Aero Revenues | | | | | | | | |
| Public Parking | 75,106 | 78,572 | 80,212 | 82,350 | 84,072 | 89,485 | 7,135 | 8.7% |
| Airport Dining & Retail | 54,611 | 54,759 | 59,021 | 59,484 | 59,962 | 66,145 | 6,661 | 11.2% |
| Rental Cars | 45,691 | 50,857 | 53,569 | 50,079 | 51,703 | 51,149 | 1,071 | 2.1% |
| Ground Transportation | 15,684 | 16,884 | 18,772 | 19,734 | 20,706 | 22,299 | 2,565 | 13.0% |
| Commercial Properties | 18,042 | 14,706 | 15,434 | 14,219 | 15,471 | 16,660 | 2,441 | 17.2% |
| Port Common Use Lounges | 5,041 | 5,630 | 6,802 | 8,520 | 10,329 | 10,536 | 2,015 | 23.7% |
| Other Non-Aero Revenue | 22,627 | 23,378 | 23,896 | 25,150 | 26,188 | 26,894 | 1,745 | 6.9% |
| Total Non-Aero Revenues | 236,803 | 244,786 | 257,707 | 259,537 | 268,431 | 283,169 | 23,632 | 9.1% |
| Total Non-Aero Expenses | 103,702 | 117,925 | 107,748 | 123,003 | 121,283 | 129,010 | 6,007 | 4.9% |
| Net Operating Income | 133,101 | 126,861 | 149,959 | 136,534 | 147,148 | 154,159 | 17,626 | 12.9% |
| Less: CFC Surplus | (2,750) | (7,142) | (6,157) | (3,993) | (4,769) | (4,128) | 135 | 3.4% |
| Adjusted Non-Aero NOI | 130,351 | 119,719 | 143,802 | 132,540 | 142,379 | 150,031 | 17,491 | 13.2% |
| Debt Service | (44,495) | (45,752) | (44,545) | (49,352) | (49,093) | (50,064) | 712 | 1.4% |
| Net Cash Flow | 85,856 | 73,967 | 99,257 | 83,188 | 93,287 | 99,967 | 16,779 | 20.2% |

Aeronautical NOI

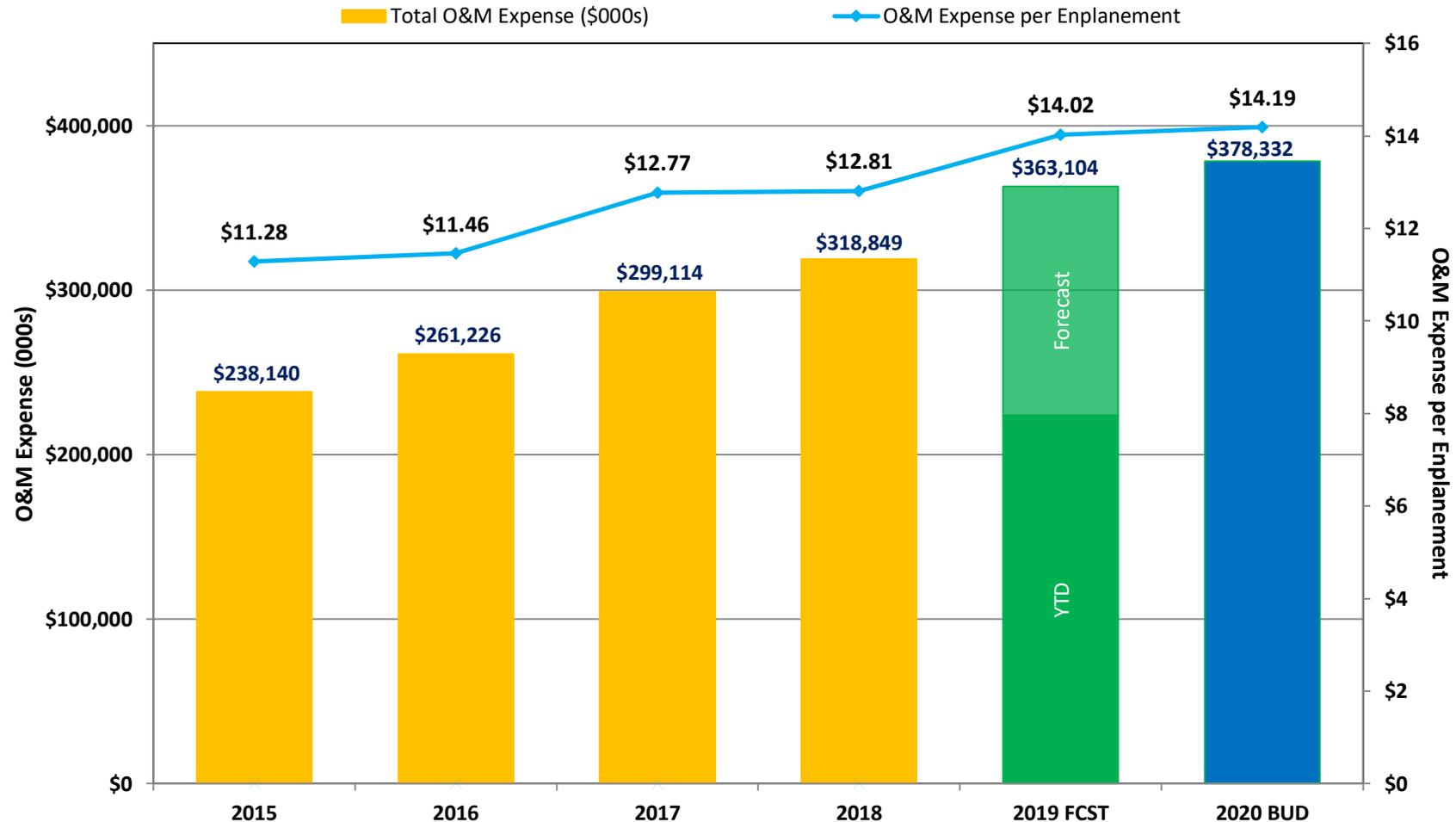
| \$ in 000's | 2017 | 2018 | 2018 | 2019 | 2019 | 2020 | Budget Change | |
|--|-----------------|----------------|-----------------|----------------|----------------|----------------|---------------|---------------|
| | Actual | Budget | Actual | Budget | Forecast | Budget | \$ | % |
| Revenues: | | | | | | | | |
| Airfield Movement Area | 108,638 | 125,422 | 116,703 | 130,873 | 129,230 | 132,389 | 1,516 | 1.2% |
| Airfield Apron Area | 16,771 | 15,979 | 15,627 | 19,714 | 12,295 | 22,027 | 2,312 | 11.7% |
| Terminal Rents | 155,431 | 171,854 | 169,318 | 203,319 | 211,805 | 213,108 | 9,789 | 4.8% |
| Federal Inspection Services (FIS) | 18,612 | 13,413 | 16,226 | 14,521 | 14,297 | 18,197 | 3,676 | 25.3% |
| Total Rate Base Revenues | 299,452 | 326,668 | 317,874 | 368,426 | 367,627 | 385,720 | 17,293 | 4.7% |
| Airfield Commercial Area | 10,574 | 10,212 | 10,257 | 12,859 | 13,116 | 16,097 | 3,238 | 25.2% |
| Subtotal before Revenue Sharing | 310,026 | 336,880 | 328,131 | 381,286 | 380,743 | 401,817 | 20,531 | 5.4% |
| Revenue Sharing | (42,311) | (35,799) | (36,863) | (15,682) | (16,637) | - | (15,682) | -100.0% |
| Other Prior Year Revenues | (26) | - | - | - | - | - | - | NA |
| Total Aeronautical Revenues | 267,690 | 301,082 | 291,268 | 365,604 | 364,106 | 401,817 | 36,213 | 9.9% |
| Total Aeronautical Expenses | 195,414 | 216,931 | 211,101 | 243,102 | 241,821 | 249,322 | 6,220 | 2.6% |
| Net Operating Income | 72,276 | 84,151 | 80,167 | 122,502 | 122,286 | 152,495 | 29,993 | 24.5% |
| Debt Service | (86,564) | (90,323) | (91,673) | (109,343) | (113,820) | (121,410) | 12,066 | 11.0% |
| Net Cash Flow | (14,288) | (6,173) | (11,506) | 13,159 | 8,466 | 31,085 | 17,926 | 136.2% |

Airport Activity: Passengers



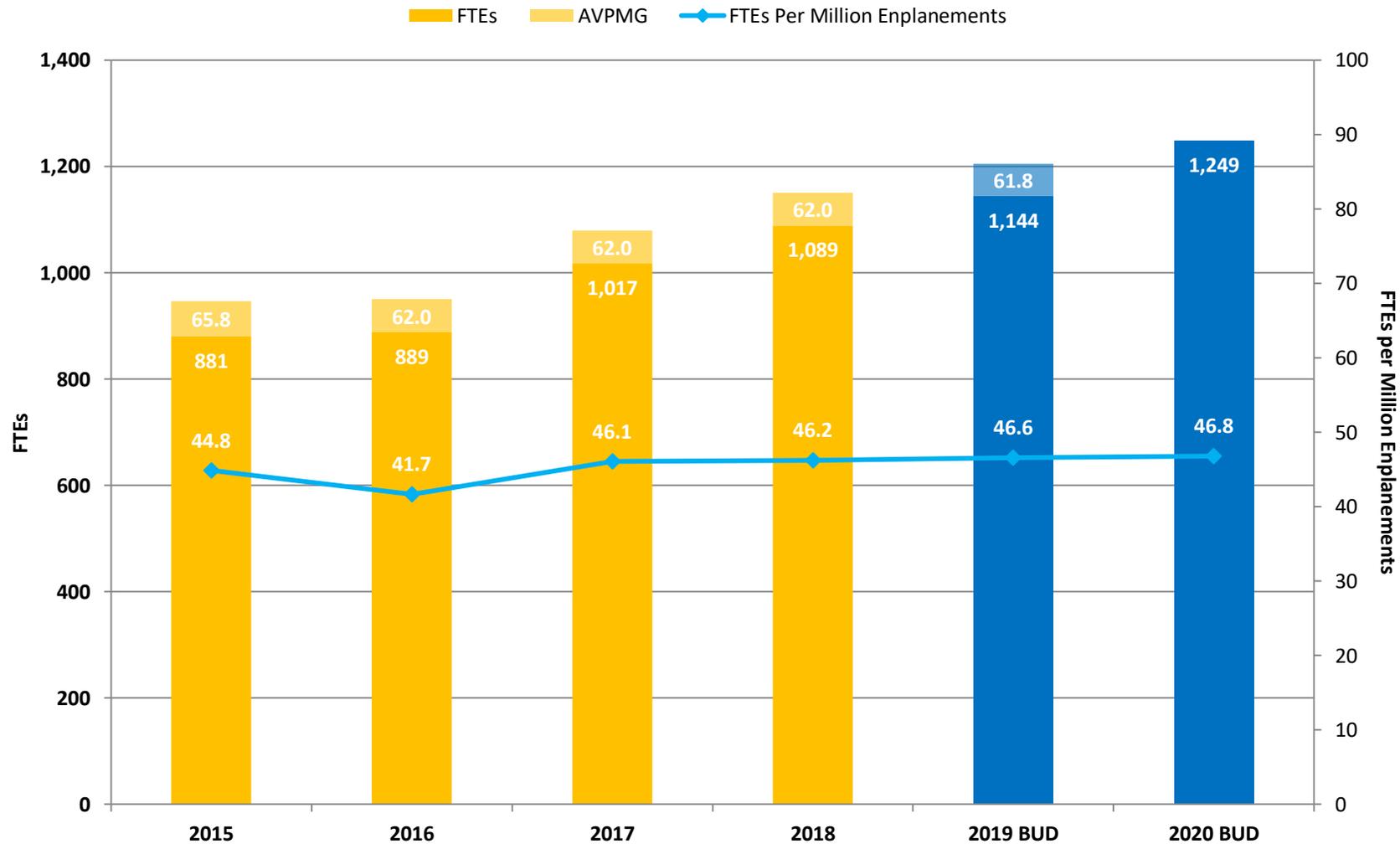
Growth rate declining, but passenger growth continues

Total Operating Expenses



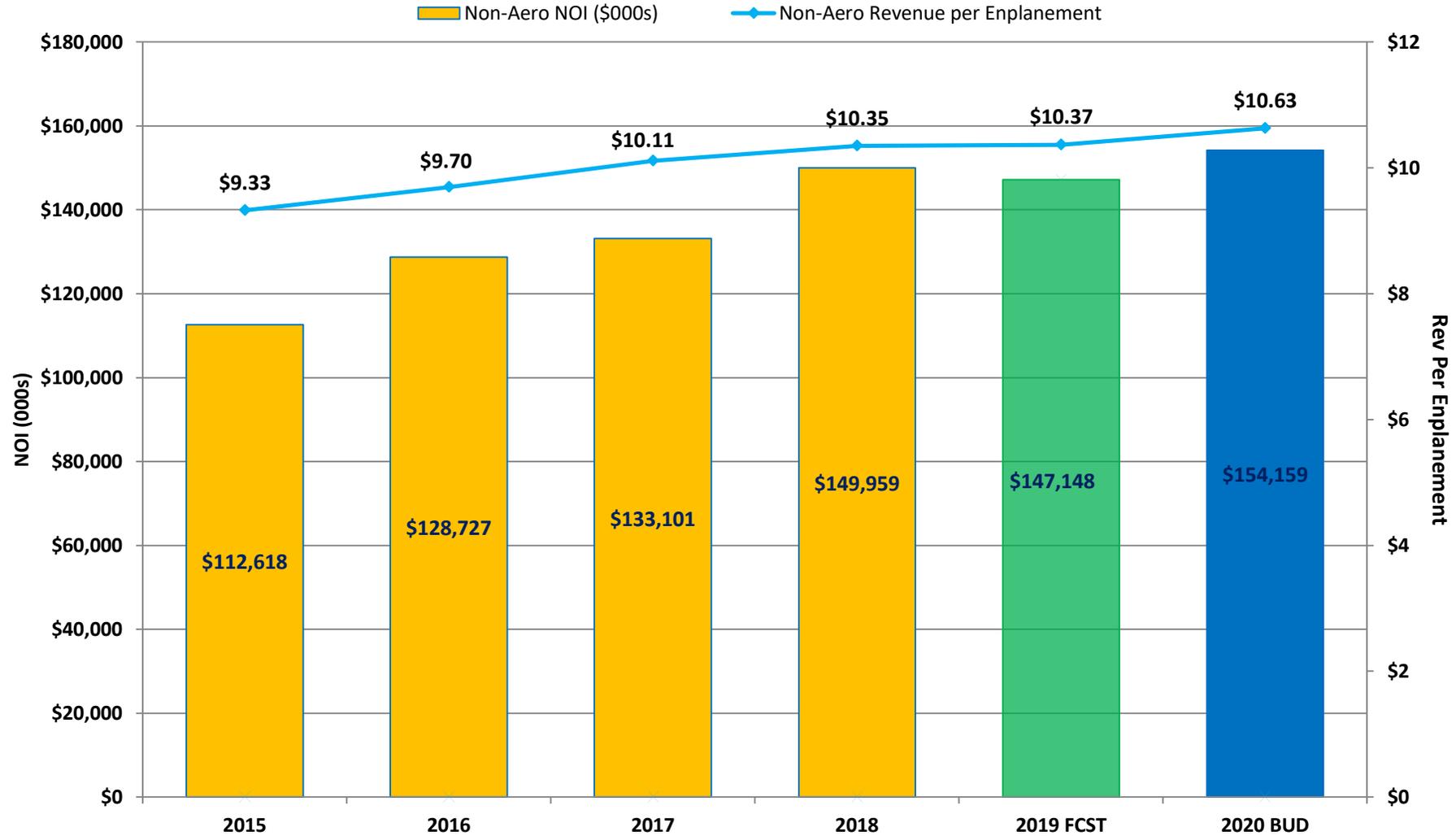
2020: 1.2% growth in O&M expense per enplaned passenger

FTE Growth Relative to Enplanement Growth

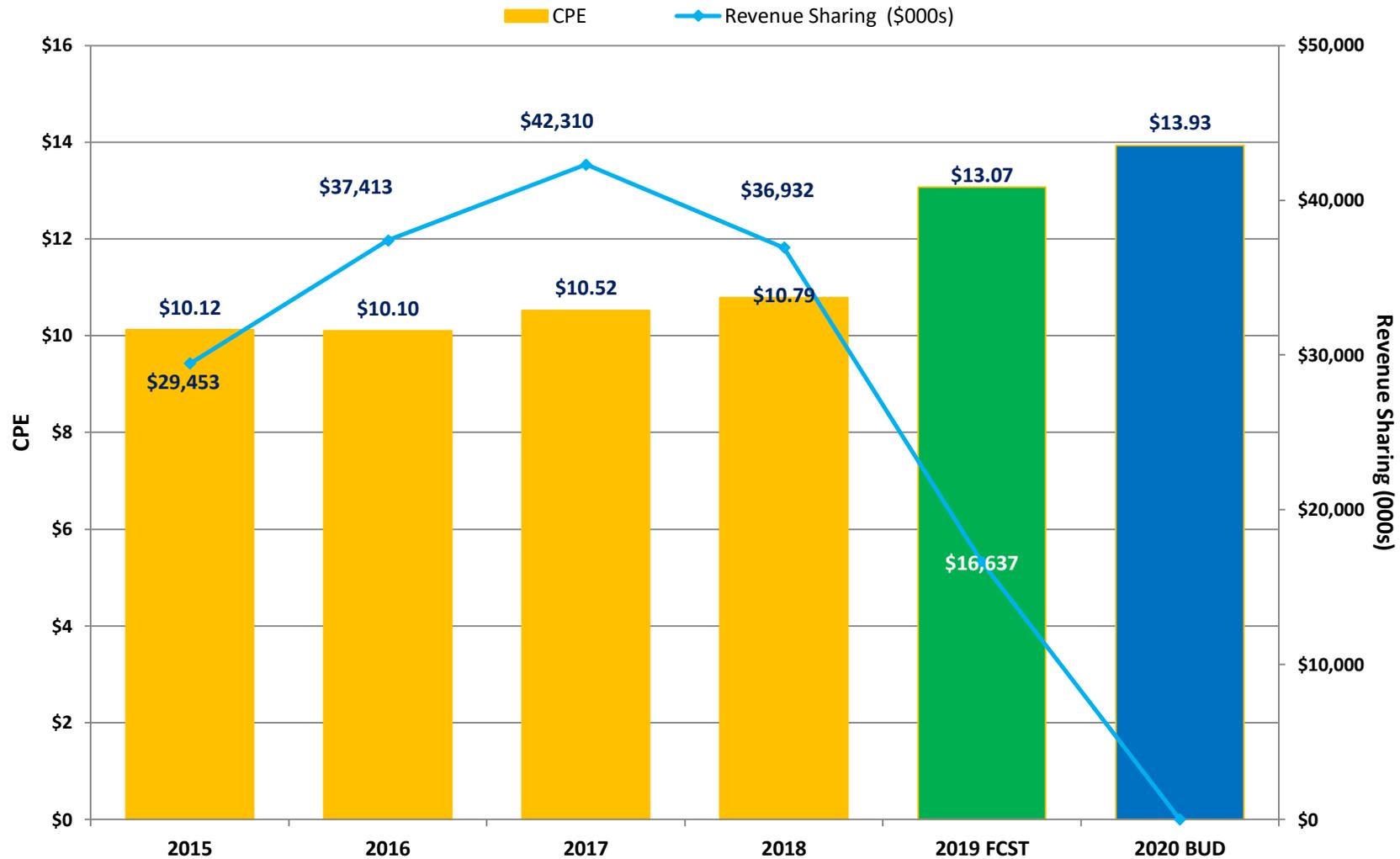


FTE growth consistent with passenger growth

Non-Aeronautical Performance



Airline Cost Management (CPE)



2020 Operating Budget Risks/Issues

- Aiming to achieve more accurate budget:
 - Incorporated payroll vacancy of 3.0%
 - Budgeted for new FTEs to start July 1 (6 months vacancy)
 - Reduced spend requests in multiple areas
- Timing/scope of airline realignment (move UA off of Concourse A) and impact on expense & capital budget not currently in budget
- IAF opening and new costs
- Potential for Sea-Tac Airline Consortium to take over employee busing function and Airline Technical Representative function
- Open item: Port Accessibility Coordinator FTE – not yet in budget

Capital Budget 2020 - 2024

| | 2019 FCST | Cash Flows (Figures in \$000s) | | | | | 2020 - 24 TOTAL |
|---|----------------|--------------------------------|----------------|----------------|----------------|----------------|--------------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | |
| Three Major Projects | | | | | | | |
| International Arrivals Facility | 338,500 | 207,000 | 9,133 | - | - | - | 216,133 |
| NSAT | 133,086 | 134,800 | 105,470 | 9,988 | - | - | 250,258 |
| Baggage Optimization | 25,565 | 44,300 | 55,000 | 55,000 | 55,000 | 55,000 | 264,300 |
| Subtotal - Three Major Projects | 497,151 | 386,100 | 169,603 | 64,988 | 55,000 | 55,000 | 730,692 |
| Other Capital Projects | 154,977 | 250,291 | 309,456 | 192,527 | 141,294 | 94,066 | 987,633 |
| SAMP Preliminary Planning / Design | 5,600 | 16,000 | 76,500 | 94,750 | 68,000 | 36,200 | 291,450 |
| Proposed New Projects | 1,863 | 3,813 | 21,755 | 38,877 | 82,746 | 85,996 | 233,188 |
| CIPs Reserves | - | - | - | 80,000 | 200,000 | 400,000 | 680,000 |
| Subtotal | 659,591 | 656,204 | 577,314 | 471,142 | 547,039 | 671,262 | 2,922,962 |
| CIP Cashflow Adj Reserve | - | (86,066) | 50,000 | 36,066 | | | |
| Total Proposed CIP | 659,591 | 570,138 | 627,314 | 507,208 | 547,039 | 671,262 | 2,922,962 |

- Proposing 34 projects totaling \$233M spending through 2024
- CIP Reserve CIPs represent 23% of five-year capital budget
- Implementing CIP cash flow adjustment reserve to adjust 2020 cash flows

Summary of Proposed New Projects

| # of Projects | Description | Cost Estimate | Cash Flows (Figures in \$000s) | | | | | 2020 - 24 TOTAL |
|---------------|------------------------|----------------|--------------------------------|---------------|---------------|---------------|---------------|-----------------|
| | | | 2020 | 2021 | 2022 | 2023 | 2024 | |
| 11 | Asset Management | 169,150 | 1,563 | 10,572 | 21,703 | 50,482 | 57,986 | 142,305 |
| 3 | Safety & Security | 14,800 | 672 | 2,169 | 3,330 | 2,803 | 2,353 | 11,328 |
| 10 | Business Need | 91,200 | 933 | 5,364 | 8,010 | 21,519 | 19,121 | 54,948 |
| 7 | Customer Service | 48,350 | 74 | 1,070 | 3,011 | 4,109 | 4,632 | 12,896 |
| 3 | Grow Non-Aero Revenues | 39,100 | 571 | 2,579 | 2,823 | 3,833 | 1,905 | 11,711 |
| 34 | TOTAL | 362,600 | 3,813 | 21,755 | 38,877 | 82,746 | 85,996 | 233,188 |

- Asset management drives majority of the new projects
- Projects include:
 - Baggage Claim Device Renewal: \$71 million
 - Mezzanine security Glass: \$12.9 million
 - IWTP Improvements: \$27 million
 - New Leasable Space: \$28.6 million
 - Restroom Renewal: \$21 million

Capital Projects- Summary

| Capital Projects | CIP | 2019 FCST | Cash Flows (Figures in \$000s) | | | | | 2020 - 24 TOTAL |
|---|----------|----------------|--------------------------------|----------------|----------------|----------------|----------------|--------------------|
| | | | 2020 | 2021 | 2022 | 2023 | 2024 | |
| Construction Authorized (Status 5-6) | | | | | | | | |
| NS NSAT Renov NSTS Lobbies | C800556 | 133,086 | 134,800 | 105,470 | 9,988 | - | - | 250,258 |
| International Arrivals Fac-IAF | C800583 | 338,500 | 207,000 | 9,133 | - | - | - | 216,133 |
| Checked Bag Recap/Optimization | C800612 | 25,565 | 44,300 | 55,000 | 55,000 | 55,000 | 55,000 | 264,300 |
| Safedock Upgrade & Expansion | C800779 | 1,022 | 24,039 | 2,440 | - | - | - | 26,479 |
| SSAT Infrastructure HVAC | C800798 | 6,185 | 21,000 | 11,000 | 8,267 | - | - | 40,267 |
| Other Authorized Capital Projects | Multiple | 139,117 | 174,025 | 78,038 | 22,504 | 1,636 | 8,134 | 284,337 |
| Total - Construction Authorized | | 636,268 | 560,125 | 247,642 | 87,492 | 56,636 | 63,134 | 1,015,029 |
| Design Authorized (Status 4) | | | | | | | | |
| MT Low Voltage Sys Upgrade | C800061 | 699 | 5,050 | 9,000 | 18,500 | 20,000 | 16,350 | 68,900 |
| C1 Building Floor Expansion | C800845 | 581 | 4,000 | 10,000 | 20,000 | 10,000 | 5,194 | 49,194 |
| Widen Arrivals Roadway | C800866 | 708 | 2,056 | 5,600 | 10,500 | 30,300 | 297 | 48,753 |
| Remote Aircraft Deicing | C801035 | 521 | 1,810 | 20,649 | 1,320 | - | - | 23,779 |
| Other Design Authorized Capital Projec | Multiple | 6,476 | 28,773 | 55,298 | 24,395 | 11,617 | 6,571 | 126,654 |
| Total - Design Authorized | | 8,286 | 41,689 | 100,547 | 74,715 | 71,917 | 28,412 | 317,280 |
| Pending Authorization (Status 2-3) | | | | | | | | |
| Airfield Pvmt Repl 2021-2024 | C800930 | 46 | - | 42,600 | 34,000 | 23,500 | 36,700 | 136,800 |
| MT Fire Sprinkler-Smoke Cntrl | C800969 | 150 | 5,049 | 13,000 | 9,963 | 9,963 | 9,963 | 47,938 |
| Upgrades STS Train Control | C801043 | 91 | 1,125 | 4,925 | 20,000 | 16,000 | 14,859 | 56,909 |
| Baggage Claim Device R&R Prog | C801127 | - | - | 2,935 | 6,058 | 24,597 | 32,850 | 66,440 |
| Other Pending Capital Projects | Multiple | 14,750 | 48,217 | 165,665 | 238,914 | 344,426 | 485,344 | 1,282,566 |
| Total - Pending Authorization | | 15,036 | 54,391 | 229,125 | 308,935 | 418,486 | 579,716 | 1,590,653 |
| Subtotal | | 659,591 | 656,204 | 577,314 | 471,142 | 547,039 | 671,262 | 2,922,962 |
| CIP Cashflow Adj Reserve | C801141 | - | (86,066) | 50,000 | 36,066 | - | - | (0) |
| Grand Total | | 659,591 | 570,138 | 627,314 | 507,208 | 547,039 | 671,262 | 2,922,962 |

Capital Budget Risks

- Significant potential projects not yet in plan:
 - SSAT seismic, repurpose space, renovate
 - C-1 Building Expansion scope and cost increase
 - Airline realignment
 - Completion of 2014 Part 150 noise remediation plan
 - Projects coming out of Main Terminal Optimization Plan (MTOP)
 - Projects coming out of asset management program
 - SAMP projects (beyond \$300M planning and design)
- Strategic challenge: balancing needs of existing facilities with need to build new capacity

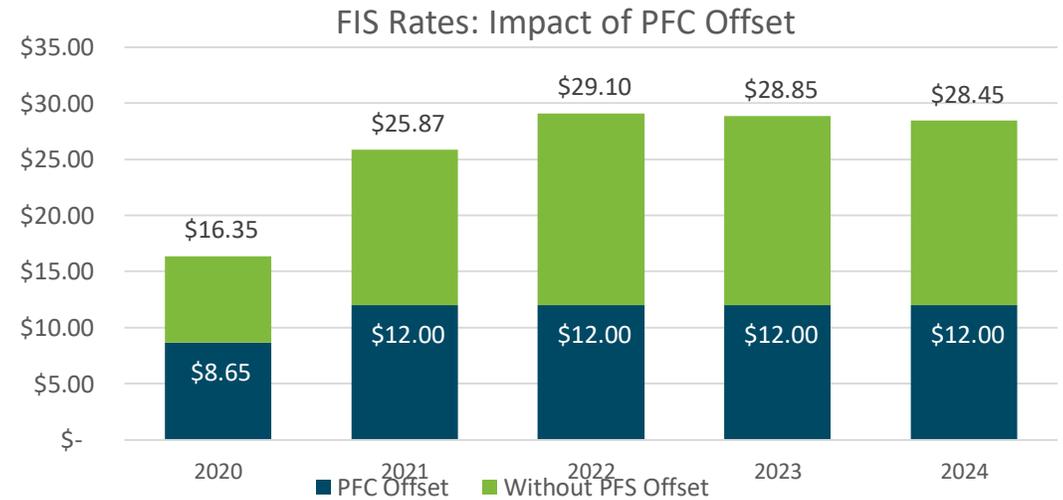
Financial Forecast 2020 - 2024

| In \$000's | 2019 FCST | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|-----------|---------|---------|---------|---------|---------|
| Airline Revenue | 364,106 | 401,817 | 441,795 | 483,500 | 509,159 | 528,401 |
| Non-Airline Revenue | 268,431 | 283,437 | 294,088 | 303,706 | 315,037 | 324,281 |
| Total Revenue | 632,537 | 685,254 | 735,882 | 787,206 | 824,196 | 852,682 |
| Operating Expense | 363,104 | 378,314 | 404,152 | 422,221 | 435,802 | 455,541 |
| Net Operating Income | 269,433 | 306,940 | 331,730 | 364,986 | 388,393 | 397,141 |
| Net Non-Operating Income/Expense | 6,352 | 5,156 | 5,796 | 6,036 | 6,093 | 6,194 |
| CFC Excess* | (4,769) | (4,128) | (2,501) | (2,173) | (2,136) | (2,010) |
| Available for Debt Service | 271,016 | 307,968 | 335,026 | 368,848 | 392,350 | 401,325 |
| Net Debt Service | 162,913 | 171,474 | 189,711 | 217,514 | 226,858 | 230,802 |
| Net Cash Flow | 108,103 | 136,494 | 145,314 | 151,335 | 165,493 | 170,524 |
| Key Measures | | | | | | |
| Debt Service Coverage | 1.67 | 1.80 | 1.77 | 1.70 | 1.73 | 1.74 |
| Revenue Sharing | 16,637 | 0 | 0 | 0 | 0 | 0 |
| Passenger Airline CPE | 13.07 | 13.93 | 15.14 | 16.42 | 17.08 | 17.47 |
| Debt per Enplaned Passenger | 121.00 | 118.96 | 126.40 | 132.37 | 139.73 | 151.92 |
| * CFC collection in excess of CFC debt service/O&M is restricted and cannot be used for other revenue bond debt service | | | | | | |

Funding Plan and Use of PFCs

- Capital costs paid by PFCs are excluded from airline rate base
- Commission motion of May, 2015 established funding plan for IAF and directed staff to establish competitive rates to the extent possible
- Allocation of PFCs among cost centers is primary tool to manage rates.
- In order to maintain competitive FIS rate, funding plan proposes to prioritize allocation of PFCs to IAF as needed to decrease FIS rate to top of peer group

| IAF Funding Sources | <u>\$000s</u> |
|---------------------|----------------|
| Cash/ADF | 200,000 |
| Revenue bonds | 631,445 |
| PFCs (paygo) | <u>100,000</u> |
| Total | 931,445 |



APPENDIX – AVIATION DIVISION

Aviation Appendix Contents

- Operating Budget
 - Budget management: baseline budget changes
 - Budget Requests
 - FTE reports and details
 - Expense summary and comparisons
 - Non-aeronautical revenue budgets by business unit
 - Aeronautical cost drivers
- Capital budget - new capital projects
- CPE Comparisons
- CIP funding plan and use of PFCs

BUDGET MANAGEMENT: BASELINE BUDGET CHANGES

Budget Transfers to Aviation

| 2020 Baseline Transfers to Aviation from Central Services: | | \$000's |
|---|-------|----------------|
| IAF project (2) FTEs transferred to AVM | 254 | |
| AVPMG department transferred to AV division | 6,794 | |
| Total Transfers | | 7,047 |
| Total 2020 Baseline Transfers in from Central Services | | 7,047 |

Change in Charges to Capital

| 2020 Charges to Capital Increase: | | \$000's |
|--|-------|----------------|
| <u>Higher estimated Charges to Capital</u> | | |
| AVPMG increased Charges to Capital | 5,080 | |
| All other Aviation increases in Charges to Capital | 807 | |
| Total Increase in Charges to Capital | | 5,887 |

Cost Reductions

| 2020 Baseline Cost Reductions/Savings: | \$000's |
|---|----------------|
| <u>Payroll Savings (before new FTE requests)</u> | |
| Vacant positions eliminated in 2020 Budget | 1,805 |
| Payroll Vacancy (3.0% assumption) in 2020 Budget | 4,300 |
| Payroll hiring differences | 90 |
| Total Payroll Decreases | 6,195 |
| <u>Non-Payroll Savings (zero based budgeting)</u> | |
| EPM remove prior year capitalized portion | 1,080 |
| New Air Incentives (removed 2019 Budget late additions) | 200 |
| CBP reimbursable (rightsized expected payments) | 200 |
| Other non-payroll savings (zero based budgeting) | 1,671 |
| Additional Non-Payroll Savings | 3,151 |
| Total 2020 Baseline Cost Reductions | 9,346 |

Cost Increases

| 2020 Baseline Cost Increases: | | \$000's |
|--|-------|----------------|
| <u>Payroll Increases (before new FTE requests)</u> | | |
| Non-Represented payroll & benefits increase (3.9% average) | 1,740 | |
| Represented pay & benefits increase (per labor agreements) | 4,943 | |
| Annualized new FTE's approved in 2019 Budget | 2,418 | |
| Annualized new FTE's approved during 2019 | 2,838 | |
| All other increases to baseline payroll | - | |
| Total Baseline Payroll Increases | | 12,632 |
| <u>Non-Aero costs related to revenue growth</u> | | |
| Clubs & Lounges - higher demand/increased volume | 1,174 | |
| Advertising increase (100% paid by Tenant Mktg fund) | 290 | |
| Non-Aero B&O tax increase | 147 | |
| Total Non-Aero Cost Increases | | 1,655 |
| Total Contractual & Formulaic Cost Increases - detail next page | | 6,137 |
| Total 2020 Baseline Cost Increases | | 20,423 |

Cost Increases – continued:

| 2020 Baseline Cost Increases - continued: | | \$000's |
|--|-------|----------------|
| <u>Contractual & Formulaic Cost Increases - detail</u> | | |
| A VPMG Outside Svc (right-sized for 2020 expense projects) | 3,239 | |
| Taxi curbside management contract (full year estimate) | 739 | |
| AVM - Janitorial contract increase | 807 | |
| AVM - Baggage System data reporting (BROCK) contract | 140 | |
| All other AV Maintenance contracts | 83 | |
| Lost & Found (new contract in 2019) | 404 | |
| Aeronautical B&O tax increase | 53 | |
| Other Non-Payroll Increases (zero based budgeting) | 672 | |
| Total Contractual & Formulaic Increases | | 6,137 |
| Total 2020 Baseline Cost Increases | | 20,423 |

Environmental Remediation Liability Expense

| ERL Expense | 2017 | 2018 | 2019 | 2019 | 2020 | Budget Change | | Budget vs. Forecast | |
|--|---------------|---------------|---------------|-----------------|---------------|----------------------|---------------|----------------------------|----------------|
| <i>Org Basis (in 000's)</i> | Actual | Actual | Budget | Forecast | Budget | \$ | % | \$ | % |
| North Satellite | | | | | | | | | |
| Asbestos | 1,341 | 1,029 | 5,630 | 5,595 | - | (5,630) | n/a | (5,595) | -100.0% |
| Contaminated Soils | 1,935 | 70 | 2,917 | 2,365 | - | (2,917) | n/a | (2,365) | -100.0% |
| NSAT - ERL Expense | 3,276 | 1,099 | 8,546 | 7,960 | - | (8,546) | n/a | (7,960) | -100.0% |
| SSAT - HVAC Infrastructure | | | | | | | | | |
| Asbestos | | | 4,323 | 4,323 | - | (4,323) | n/a | (4,323) | -100.0% |
| SSAT - ERL Expense | - | - | 4,323 | 4,323 | - | (4,323) | n/a | (4,323) | -100.0% |
| International Arrivals Facility | | | | | | | | | |
| Asbestos | 63 | 1,337 | 885 | 37 | - | (885) | n/a | (37) | -100.0% |
| Contaminated Soils | 5,201 | 2,465 | - | - | - | - | n/a | - | n/a |
| IAF - ERL Expense | 5,264 | 3,802 | 885 | 37 | - | (885) | n/a | (37) | -100.0% |
| Airport Employee Services Ctr | | | | | 1,067 | 1,067 | n/a | 1,067 | n/a |
| Phase 2 eGSE charging stations | | | | | 477 | 477 | n/a | 477 | n/a |
| All other RMM expense | 271 | 1,332 | 505 | 474 | 1,104 | 599 | 118.5% | 630 | 132.9% |
| Total ERL Expense | 8,812 | 6,233 | 14,259 | 12,793 | 2,648 | (11,612) | -81.4% | (10,146) | -79.3% |

BUDGET REQUESTS



Summary of Budget Requests

| Budget Request Category | # of Requests | 2020 Budget Requests | | | |
|---|---------------|----------------------|----------------------|----------------------|----------------------|
| | | FTEs | Baseline | Non-Recurring | Total |
| Community and Social Responsibility | 6 | 1.00 | 175,218 | 431,700 | 606,918 |
| Customer Service | 25 | 5.75 | 535,934 | 4,626,740 | 5,162,674 |
| Employees | 10 | | 82,800 | 48,300 | 131,100 |
| Environment and Sustainability | 8 | 1.50 | 1,616,035 | 444,000 | 2,060,035 |
| Facility Planning and Capital Projects | 78 | 34.25 | 4,097,309 | 15,215,538 | 19,312,847 |
| Financial Performance | 9 | 3.00 | 197,356 | 1,530,000 | 1,727,356 |
| Innovation and Efficiencies | 6 | 1.00 | 185,892 | 352,590 | 538,482 |
| Safety | 16 | 2.00 | 613,427 | 625,800 | 1,239,227 |
| Security | 6 | 8.00 | 399,889 | 60,000 | 459,889 |
| 2020 Budget Requests - Total Proposed | 164 | 56.50 | \$ 7,903,860 | \$ 23,334,668 | \$ 31,238,528 |
| 2020 Budget Requests - Initial Requested | 198 | 119.50 | \$ 18,558,345 | \$ 29,416,613 | \$ 47,974,958 |

Budget Requests: Community & Social Responsibility

| AV Priority | Problem/Need/Opportunity | Solution | 2020 Budget Requests | | | |
|--|---|--|----------------------|-------------------|-------------------|-------------------|
| | | | FTEs | Baseline | Non-Recurring | Total |
| Community and Social Responsibility | Airport Noise Mitigation | Ground Noise Study | - | - | 100,000 | 100,000 |
| | | Hire a Noise Programs Coordinator | 1.0 | 70,218 | 1,700 | 71,918 |
| | | Noise analysis (per litigation) | - | - | 25,000 | 25,000 |
| | Promote Small Business and Community Outreach | Small Business, ACDBE Community Engagement | - | 100,000 | - | 100,000 |
| | | Red Tail Hawks' Event Support | - | 5,000 | - | 5,000 |
| | Maintain Airport Art | Public Art Collection Conservation | - | - | 305,000 | 305,000 |
| Community and Social Responsibility Total | | | 1.0 | \$ 175,218 | \$ 431,700 | \$ 606,918 |

Budget Requests: Customer Service

| AV Priority | Problem/Need/Opportunity | Solution | 2020 Budget Requests | | | |
|------------------|---|---|----------------------|----------|-----------------|---------|
| | | | FTEs | Baseline | Non-Reoccurring | Total |
| Customer Service | Facilities Cleanliness and Appearance | Airport-Wide Window Cleaning Service | | - | 600,000 | 600,000 |
| | | Removal of Obsolete Analog Clocks | | - | 30,000 | 30,000 |
| | Increase the Level of Visibility to the Frontline | Pathfinder Uniforms Refresh | | - | 8,140 | 8,140 |
| | | Volunteer Uniforms Refresh | | - | 19,200 | 19,200 |
| | Strategic Customer Experience Improvements | Promotional Hosting Volunteer Recognition | | 800 | 6,700 | 7,500 |
| | | Skytrax Terminal Assessment | | - | 30,000 | 30,000 |
| | | Website Accessibility Evaluation – Open Doors Organization Report | | - | 75,000 | 75,000 |
| | | Hire a Coordinated Airport Communications Strategy Consultant | | - | 200,000 | 200,000 |
| | | Hire a consultant for SEA Customer Experience QA Program | | 50,000 | - | 50,000 |
| | | College Intern - Customer Communications | 0.5 | 29,264 | 2,500 | 31,764 |
| | | Hire a Customer Experience Manager | 1.0 | 67,794 | 3,300 | 71,094 |
| | Continued on next slide | | | | | |

Budget Requests: Customer Service Continued:

| AV Priority | Problem/Need/Opportunity | Solution | 2020 Budget Requests | | | |
|------------------|--|--|----------------------|-------------|-------------------|---------------------|
| | | | FTEs | Baseline | Non-Recurring | Total |
| Customer Service | Reduce Passenger Wait Times at Checkpoints | Security Checkpoint Queue Management Contract | | - | 2,500,000 | 2,500,000 |
| | | Customer Experience Initiatives | | 50,000 | - | 50,000 |
| | | CISS/VIP Hospitality Scope Increase | | - | 667,200 | 667,200 |
| | Wayfinding/Processing Passengers | Signage and Wayfinding Masterplan and | | - | 250,000 | 250,000 |
| | | STIA Terminal Signage Modifications for Concourses B and D | | - | 180,000 | 180,000 |
| | | STS Info System Graphic Support | | 50,000 | - | 50,000 |
| | | Hire a Journeyman Sign Writer | 1.00 | 54,571 | 3,300 | 57,871 |
| | | Hire Additional Pathfinders | 3.00 | 126,056 | 11,400 | 137,456 |
| | Host Targeted Training to Deliver Exceptional Customer Service | Hire an Airport Employee Experience Consultant | | - | 40,000 | 40,000 |
| | | Managing Challenging Customer Interactions Skills Training | | 20,000 | - | 20,000 |
| | | WE ARE Training | | 36,000 | - | 36,000 |
| | | College Intern - Customer Service Training | 0.25 | 13,449 | - | 13,449 |
| | | Online Customer Service Basic Skills Courses | | 30,000 | - | 30,000 |
| | | Customer Service Learning Brown Bag Speakers | | 8,000 | - | 8,000 |
| | Customer Service Total | | | 5.75 | \$ 535,934 | \$ 4,626,740 |

Budget Requests: Employees

| AV Priority | Problem/Need/Opportunity | Solution | 2020 Budget Requests | | | |
|------------------------|---|---|----------------------|------------------|------------------|-------------------|
| | | | FTEs | Baseline | Non-Recurring | Total |
| Employees | Foster Employee Development and Leverage Talent | Bluebeam Software Training | - | 10,000 | - | 10,000 |
| | | ORAT World Summit Conference | - | - | 13,500 | 13,500 |
| | | Mental Health First Aid Course | - | 6,000 | - | 6,000 |
| | | ORAT Staff Retreat & AAAE Memberships | - | 4,650 | - | 4,650 |
| | | Quarterly Employee Engagement Activities | - | 2,000 | - | 2,000 |
| | | Fleet Maintenance Staff Training and Conference Attendance | - | - | 9,800 | 9,800 |
| | | ACI Airports@Work Conference Support - Airport Tour and Welcome Gifts | - | - | 25,000 | 25,000 |
| | | Plan Reading Course on Construction Plans and Blueprints | - | 10,000 | - | 10,000 |
| | | Travel Budget Right-sizing- Air Services | - | 28,150 | - | 28,150 |
| | | Software License Right-Sizing - Fire Department | - | 22,000 | - | 22,000 |
| Employees Total | | | - | \$ 82,800 | \$ 48,300 | \$ 131,100 |

Budget Requests: Environment & Sustainability

| AV Priority | Problem/Need/Opportunity | Solution | 2020 Budget Requests | | | | |
|--------------------------------|---|---|----------------------|------------|---------------------|-------------------|---------------------|
| | | | FTEs | Baseline | Non-Recurring | Total | |
| Environment and Sustainability | Be the Greenest and Most Energy-Efficient Port in North America | Hire an Environmental Program Manager | 1.0 | 90,133 | 2,000 | 92,133 | |
| | | College Intern - Recycling | 0.5 | 32,635 | 2,000 | 34,635 | |
| | | Support Costs for Transportation Management Association | - | - | 50,000 | 50,000 | |
| | | Purchase of Renewable Natural Gas | - | 1,474,267 | - | 1,474,267 | |
| | | Purchase of Renewable Diesel | - | 19,000 | - | 19,000 | |
| | Environment Compliance | Flight Corridor Safety Program Habitat | - | - | 60,000 | 60,000 | |
| | | Complete Airport's 5-year NPDES Permit Renewal Application | - | - | 75,000 | 75,000 | |
| | Implement Clean-Up Projects Across the Port | Contaminated Site Management - Per- and polyfluoroalkyl substances (PFAS) | - | - | 255,000 | 255,000 | |
| | Environment and Sustainability Total | | | 1.5 | \$ 1,616,035 | \$ 444,000 | \$ 2,060,035 |

Budget Requests: Facility Planning & Capital Projects

| AV Priority | Problem/Need/Opportunity | Solution | 2020 Budget Requests | | | | |
|--|--|--|----------------------|----------|---------------|-----------|--|
| | | | FTEs | Baseline | Non-Recurring | Total | |
| Facility Planning and Capital Projects | Airport Office Building Requirement | AOB Conference Center Chair Replacement | - | - | 50,000 | 50,000 | |
| | | AOB Cubicle Densification | - | - | 295,000 | 295,000 | |
| | | AOB Furniture Inventory Management Service | - | 53,000 | - | 53,000 | |
| | | AOB Kitchen Supplies | - | 12,219 | - | 12,219 | |
| | | AOB Paper Shredding Service | - | 1,400 | - | 1,400 | |
| | | AOB Conference Room Surface Hubs Installation | - | - | 100,000 | 100,000 | |
| | Complete the Sustainable Airport Master Plan | SAMP Environmental Review - AV Environmental | - | - | 1,500,000 | 1,500,000 | |
| | | SAMP Environmental Support - AV Planning | - | - | 300,000 | 300,000 | |
| | Implement Operational Readiness and Airport Transition (ORAT) | ORAT Software and Licenses | - | 6,000 | 75,000 | 81,000 | |
| | | Hire an ORAT Consultant | - | 150,000 | - | 150,000 | |
| | Meet or Exceed Requirements for Stormwater Leaving Port-Owned or Operated Facilities | IWS Lagoon Liner Condition Assessment and | - | - | 50,000 | 50,000 | |
| | | Light Rail Stormwater Vault Treatment Cleaning | - | - | 25,000 | 25,000 | |
| | | Hire an Operating Engineer for Industrial Waste Treatment Plant (IWTP) | 1.0 | 70,205 | - | 70,205 | |
| | Continued on next slide | | | | | | |

Budget Requests: Facility Planning & Capital Projects

Continued:

| AV Priority | Problem/Need/Opportunity | Solution | 2020 Budget Requests | | | |
|--|---|--|----------------------|----------|-----------------|---------|
| | | | FTEs | Baseline | Non-Reoccurring | Total |
| Facility Planning and Capital Projects | Meet the Maintenance Needs and Standards of the Existing Facilities Under Increasing Demand | Escalator Hand Rail Upgrade | - | - | 80,000 | 80,000 |
| | | North Cargo Properties-Mechanical Systems | - | - | 78,000 | 78,000 |
| | | Passenger Loading Bridges (PLB) Pre-Conditioned Air (PCA) Units | - | - | 15,000 | 15,000 |
| | | Purchase Laser Alignment Tool and Replacement of Tools | - | - | 10,000 | 10,000 |
| | | RCF Small Operator Improvements - Required Reallocation (fully reimbursable) | - | - | 50,000 | 50,000 |
| | | Repair eGSE Charger Billable Data Reporting | - | - | 45,000 | 45,000 |
| | | Secondary Containment for Transformer | - | - | 20,000 | 20,000 |
| | | STS Signage Technical Support | - | - | 27,500 | 27,500 |
| | | Terminal LED Lighting Upgrades | - | 30,000 | - | 30,000 |
| | | Hire a Carpenter | 1.0 | 61,628 | - | 61,628 |
| | | Hire an Operating Engineer Boiler Room | 1.0 | 70,015 | 4,000 | 74,015 |
| | | Hire Additional Operating Engineers – Conveyor | 2.0 | 135,833 | 4,000 | 139,833 |
| | | Hire an Inventory Specialist for AV Maintenance | 1.0 | 49,557 | 3,500 | 53,057 |
| | | Hire Additional Baggage System Supervisors | 2.0 | 117,836 | 4,000 | 121,836 |
| Hire Additional Electronic Technicians | 2.0 | 134,496 | 7,000 | 141,496 | | |
| Continued on next slide | | | | | | |

Budget Requests: Facility Planning & Capital Projects

Continued:

| AV Priority | Problem/Need/Opportunity | Solution | 2020 Budget Requests | | | | |
|--|---|--|----------------------|----------|-----------------|---------|--|
| | | | FTEs | Baseline | Non-Reoccurring | Total | |
| Facility Planning and Capital Projects | Meet the Maintenance Needs and Standards of the Existing Facilities Under Increasing Demand | Civil Infrastructure Program Support | - | - | 300,000 | 300,000 | |
| | | STAC Budget Right-Sizing to Implement Increased Volume and Additional Services | | 72,720 | 10,000 | 82,720 | |
| | | Hire Additional Field Crews | 11.0 | 466,334 | 33,000 | 499,334 | |
| | | Hire an Operating Engineer Boiler Room - VAV (HVAC/Utilities for Terminal) | 1.0 | 70,015 | 4,000 | 74,015 | |
| | | Garage Spall Repairs | | - | 500,000 | 500,000 | |
| | | Travel and Training Budget Right-Sizing - AV Maintenance | | - | 12,000 | 12,000 | |
| | Pest Control and Waste Management | Standard Waste Receptacle Replacement | | - | 300,000 | 300,000 | |
| | | Compactor Repairs and Increased Preventive Maintenance | | - | 50,000 | 50,000 | |
| | | Unified Pest Management Contract Funding | | - | 784,000 | 784,000 | |
| | Coordinate Capital Program Development and and Implement Capital Program | EPM Consulting for Capital Program | | - | 750,000 | 750,000 | |
| | | Hire an AV Capital Programs Development | 1.0 | 76,164 | 3,300 | 79,464 | |
| | | Hire a Systems Administrator for AVPMG | 1.0 | 98,888 | | 98,888 | |
| | | Hire a Capital Project Manager III (ADR tenant projects) | 1.0 | 122,950 | | 122,950 | |
| | | Hire an AV Project Controls Analyst | 1.0 | 84,000 | | 84,000 | |
| | Continued on next slide | | | | | | |

Budget Requests: Facility Planning & Capital Projects

Continued:

| AV Priority | Problem/Need/Opportunity | Solution | 2020 Budget Requests | | | |
|--|--------------------------------------|--|----------------------|----------|-----------------|-----------|
| | | | FTEs | Baseline | Non-Reoccurring | Total |
| Facility Planning and Capital Projects | Planning for Future Facilities Needs | Airfield/Airspace Study | - | - | 250,000 | 250,000 |
| | | Building Dept - Consultant Design Review & Field Inspection Services | - | - | 220,000 | 220,000 |
| | | Controls service for new systems installed for Baggage Optimization | - | - | 50,000 | 50,000 |
| | | Deep Well Injection Geotechnical Study | - | - | 300,000 | 300,000 |
| | | IAF Simulation Support | - | - | 99,000 | 99,000 |
| | | Utilities Master Planning | - | - | 2,000,000 | 2,000,000 |
| | | Hire an Associate Planner | 1.0 | 67,442 | 3,300 | 70,742 |
| | | Hire a Fire Protection Engineer | 1.0 | 74,893 | 3,000 | 77,893 |
| | | On Call Capital Programs Planning - SSAT, Roadmaps and Business Case Development | - | - | 700,000 | 700,000 |
| | | Advanced Planning on Facilities, The Main Terminal Optimization Plan (MTOPI), Sustainable Airport Master Plan(SAMP) and Ground Transportation Access Plan (GTAP) | - | - | 2,300,000 | 2,300,000 |
| | | Landscape Master Plan Rehab Projects | - | - | 291,438 | 291,438 |
| | | On-call Planning on Emerging Issues | - | - | 950,000 | 950,000 |

Continued on next slide

Budget Requests: Facility Planning & Capital Projects

Continued:

| AV Priority | Problem/Need/Opportunity | Solution | 2020 Budget Requests | | | | |
|--|---|--|----------------------|--------------|---------------------|----------------------|----------------------|
| | | | FTEs | Baseline | Non-Reoccurring | Total | |
| Facility Planning and Capital Projects | Enhance Facility Cleanliness | Hire a Custodial Quality Assurance Specialist | 1.0 | 58,246 | 3,500 | 61,746 | |
| | | Pressure Washing of Lower and Upper Drives Concrete Structures | - | 50,000 | - | 50,000 | |
| | | Zone 5 (IAF) Custodial Service Contract | - | 1,300,000 | - | 1,300,000 | |
| | Maintain New Facilities | Hire a Painter (IAF) | 1.0 | 48,703 | - | 48,703 | |
| | | Hire a Painter (Cargo) | 1.0 | 48,703 | - | 48,703 | |
| | | Hire a Carpenter(Cargo) | 1.0 | 61,628 | - | 61,628 | |
| | | Hire an Operating Engineer Boiler Room - Cargo | 1.0 | 70,015 | 4,000 | 74,015 | |
| | | Connectivity/Software Licenses for CBP in IAF | - | 220,471 | - | 220,471 | |
| | | Cargo Facility Maintenance (Outside Svcs) | - | - | 250,000 | 250,000 | |
| | Strategic Asset Management | Infrastructure Nomenclature System Implications | - | - | 20,000 | 20,000 | |
| | | Landside Pavement Management Program | - | - | 100,000 | 100,000 | |
| | | Neighborhood Field Office Training Room | - | - | 50,000 | 50,000 | |
| | | STS Tunnel Integrity Study | - | - | 125,000 | 125,000 | |
| | | College Intern - Architecture | 0.25 | 14,063 | 3,000 | 17,063 | |
| | | Hire an Architect - Facilities and Infrastructure | 1.0 | 72,886 | 4,000 | 76,886 | |
| | | Asset Management Program Implementation | - | - | 2,000,000 | 2,000,000 | |
| | | Continuous Commissioning for Testing and Balancing services | - | 100,000 | - | 100,000 | |
| | Asset Management System for Fire Department | - | 27,000 | - | 27,000 | | |
| | Facility Planning and Capital Projects Total | | | 34.25 | \$ 4,097,309 | \$ 15,215,538 | \$ 19,312,847 |

Budget Requests: Financial Performance

| AV Priority | Problem/Need/Opportunity | Solution | 2020 Budget Requests | | | |
|-----------------------|---|---|----------------------|------------|-------------------|---------------------|
| | | | FTEs | Baseline | Non-Recurring | Total |
| Financial Performance | Keep Airline Costs Competitive Through Increase Non-Aeronautical Revenue and Improve Capital Business Process | ADR - Kiosk Program Upkeep and Repair | - | - | 150,000 | 150,000 |
| | | SEA Visitor Pass Program E Secure Fee | - | - | 40,000 | 40,000 |
| | | Hire a Temporary Staffing for Pre-Book Parking | - | - | 225,000 | 225,000 |
| | | Hire a Financial Analyst II - Grants and Capital | 1.0 | 70,095 | 2,000 | 72,095 |
| | | Hire a Sr. Financial Systems & Business Analyst - Financial Report Efficiency | 1.0 | 82,197 | 2,000 | 84,197 |
| | | Hire a Load Dock Coordinator - Volume Increase and Extended Hours | 1.0 | 45,064 | - | 45,064 |
| | | Hire a Consultant to Develop Business Case for New Non-Aero Revenue (Tenant Broadband | - | - | 75,000 | 75,000 |
| | | Hire a Consultant to Implement Driver Outreach Added Taxi Pilot Program | - | - | 86,000 | 86,000 |
| | Air Service Development | New Air Service Incentive Program - Joint Promotional Funds | - | - | 950,000 | 950,000 |
| | Financial Performance Total | | | 3.0 | \$ 197,356 | \$ 1,530,000 |

Budget Requests: Innovation and Efficiencies

| AV Priority | Problem/Need/Opportunity | Solution | 2020 Budget Requests | | | |
|--|---|---|----------------------|-------------------|-------------------|-------------------|
| | | | FTEs | Baseline | Non-Recurring | Total |
| Innovation and Efficiencies | Keep Up the Pace with the Rapid Growth of the Airport | Critical Asset Monitoring (CAM) IoT Pilot Project | - | - | 199,090 | 199,090 |
| | | Equipment | - | 50,000 | - | 50,000 |
| | Leverage Employee Innovation to Solve Business Challenges | Crowdsourced Innovation Software | - | 50,000 | - | 50,000 |
| | | Innovation Consulting Funding | - | - | 100,000 | 100,000 |
| | | Hire an Innovation Program Manager | 1.0 | 85,892 | 3,500 | 89,392 |
| | | Hire a Consultant for STIA Key Access System Evaluation | - | - | 50,000 | 50,000 |
| Innovation and Efficiencies Total | | | 1.0 | \$ 185,892 | \$ 352,590 | \$ 538,482 |

Budget Requests: Safety

| AV Priority | Problem/Need/Opportunity | Solution | 2020 Budget Requests | | | | |
|-------------|--|--|---------------------------|------------|-------------------|-------------------|---------------------|
| | | | FTEs | Baseline | Non-Reoccurring | Total | |
| Safety | Continuously Improve Safety of Airport Operations Area | GSE Inspection Auditing Services | - | 50,000 | - | 50,000 | |
| | | Certified Service Provide Program(CSPP) Implementation Consultation Services | - | - | 50,000 | 50,000 | |
| | | Hire a Certified Service Provide Program(CSPP) Manager | 1.0 | 76,631 | 3,300 | 79,931 | |
| | | Ramp Tower Contract Staffing Increase for Air Traffic Demand | - | 220,000 | - | 220,000 | |
| | | Fire Department - Bunker Gear Replacement | - | - | 45,000 | 45,000 | |
| | | Completion of Tow/Taxi Virtual Reality for E-Learning Development | - | - | 75,000 | 75,000 | |
| | | Targeted Safety Subject Matter Expertise Training | - | - | 50,000 | 50,000 | |
| | | Safety Act Certification | - | - | 100,000 | 100,000 | |
| | | Horizon Air - Follow Up Items After Action Report | - | - | 25,000 | 25,000 | |
| | | Facility Life-Safety Enhancements | Firearm Tracking Software | - | 2,800 | - | 2,800 |
| | Origami Software Licensing and Integration Plug-Ins | | - | 10,000 | 5,000 | 15,000 | |
| | Smoke Control Systems Testing | | - | 190,000 | - | 190,000 | |
| | Public Access AEDs Replacement | | - | - | 35,000 | 35,000 | |
| | Reduce Wildlife Strikes | Increase for Consolidated Wildlife Contracts | - | - | 100,000 | 100,000 | |
| | Prepare for Emergencies | Hire an Emergency Preparedness Coordinator | 1.0 | 63,996 | 2,500 | 66,496 | |
| | | FAA Regulatory Triennial Exercise | - | - | 135,000 | 135,000 | |
| | Safety Total | | | 2.0 | \$ 613,427 | \$ 625,800 | \$ 1,239,227 |

Budget Requests: Security

| AV Priority | Problem/Need/Opportunity | Solution | 2020 Budget Requests | | | |
|-----------------------|--|---|----------------------|-------------------|------------------|-------------------|
| | | | FTEs | Baseline | Non-Recurring | Total |
| Security | Enhance Overall Security at the Airport by Staffing Increase, Training and Equipment Maintenance | Airport Security Awareness Training | - | 25,000 | - | 25,000 |
| | | Employee Screening Equipment Maintenance | - | 51,000 | - | 51,000 |
| | | Hire a Sr. Operations Controller for Airport Communications Center | 1.0 | 49,287 | 3,300 | 52,587 |
| | | Hire a Consultant to Evaluate Physical Security of Airport Substations | - | - | 53,000 | 53,000 |
| | | Hire a Background Checking Specialist - Increased Volume and Requests | 1.0 | 50,889 | 3,700 | 54,589 |
| | | Hire Additional Employee Screeners - Implement Random Unpredictable Screening | 6.0 | 223,713 | - | 223,713 |
| Security Total | | | 8.0 | \$ 399,889 | \$ 60,000 | \$ 459,889 |

FTE REPORTS AND DETAILED REQUESTS

2020 FTE Reconciliation

| 2020 Proposed Budget FTEs | FTEs | % |
|---|--------------------|--------------------|
| 2019 Approved Budget | | |
| Aviation division FTEs | 1,105.78 | |
| Central Services FTE's direct charged 100% to airport | <u>37.75</u> | |
| 2019 Approved Budget in AV presentation | 1,143.53 | |
| 2019 FTE Transfers between divisions (net zero impact) | | |
| 2019 FTE transfers IN from Central Services | <u>64.00</u> | |
| 2019 FTE Transfers between divisions | 64.00 | |
| 2019 Adjusted Baseline after Transfers between divisions | 1,207.53 | |
| 2019 Changes in FTEs during the year | | |
| 2019 mid-year FTE additions - AV division | 27.25 | |
| Vacant FTEs eliminated during 2019 | <u>(42.75)</u> | |
| 2019 Mid-year Changes in FTEs | (15.50) | -1.3% |
| FTEs in 2020 Baseline Budget BEFORE Budget Requests | 1,192.03 | |
| Proposed New FTEs in 2020 Budget: | | |
| New FTEs for Core Airport Functions | 55.00 | 4.6% |
| New Intern FTEs - College/Graduate | <u>1.50</u> | <u>0.1%</u> |
| Proposed Increase in 2020 Budget FTEs | 56.50 | |
| FTEs in Proposed Aviation 2020 Budget | 1,248.53 | 3.4% |

Note: percent changes compared to 2019 Approved Budget after internal FTE transfers

Change in FTEs during 2019

| FTE Changes During 2019 | FTEs | FTE Changes During 2019 - continued: | FTEs |
|--|-----------------|---|-----------------|
| 2019 Approved Budget FTEs | 1,143.53 | 2019 Approved Budget FTEs | 1,143.53 |
| <u>2019 transfers IN from Central Services</u> | | 2019 transfers IN from Central Services | 64.00 |
| Electronic Technicians (from Engineering for IAF project) | 2.00 | 2019 mid-year FTE Additions | 27.25 |
| AVPMG department transferred to AV Division | 62.00 | | |
| 2019 transfers IN from Central Services | 64.00 | <u>2019 mid-year FTE eliminations</u> | |
| <u>2019 mid-year FTE Additions</u> | | Lost & Found Staffing (LTD) - not needed after new contract signed | (6.00) |
| Landside Billing Specialist (taxi pilot) | 1.00 | Admin Assist for F&I (LTD position expired) | (1.00) |
| Property Manager I (taxi pilot) | 1.00 | College intern - Art program (1yr only, candidate not found) | (0.25) |
| Pathfinder (IAF support) | 1.00 | 2019 mid-year FTE eliminations | (7.25) |
| LTD Airport Duty Manager (IAF support) | 1.00 | | |
| Firefighter E (early hire to cover LT disability) | 1.00 | <u>Vacant FTE positions eliminated in the 2020 Budget</u> | |
| AV Environ Program Mgr - Transportation Mgmt Assoc | 1.00 | Phase I - Full Employee Screening (vacant FTEs removed) | (6.00) |
| AV Chief Operating Officer (AV re-org) | 1.00 | Phase II - Full Employee Screening (not funded in 2019 Budget) | (16.00) |
| Admin Assistant - ADO (AV re-org) | 1.00 | AVM - ORG 4593 (EH - funded in 2019 Budget, not needed in 2020) | (4.00) |
| AV Director - Properties, Airline Affairs, Air Svc Dev (AV re-org) | 1.00 | Pathfinders (EH - funded in 2019 Budget, not needed in 2020) | (8.00) |
| Admin Assistant - new Director (AV re-org) | 1.00 | Property Manager I (re-purposed for AV re-org use) | (1.00) |
| Airline Affairs Manager (AV re-org) | 1.00 | College intern - Emergency Preparedness | (0.50) |
| Construction Support Specialist (right-size existing staff hours) | 10.00 | Vacant FTE positions eliminated in the 2020 Budget | (35.50) |
| Senior Access Controllers (labor requirement - exit lane monitoring) | 6.00 | | |
| College intern - Airport Dining & Retail program | 0.25 | Subtotal - Vacant FTEs eliminated in the 2020 Baseline Budget: | (42.75) |
| 2019 mid-year FTE Additions: | 27.25 | | |
| Subtotal - FTEs added during 2019 | 91.25 | Net 2019 FTE Change EXCLUDING Transfers | (15.50) |
| | | FTEs in 2020 Baseline Budget BEFORE Budget Requests | 1,192.03 |

New FTEs for 2020 – Position List

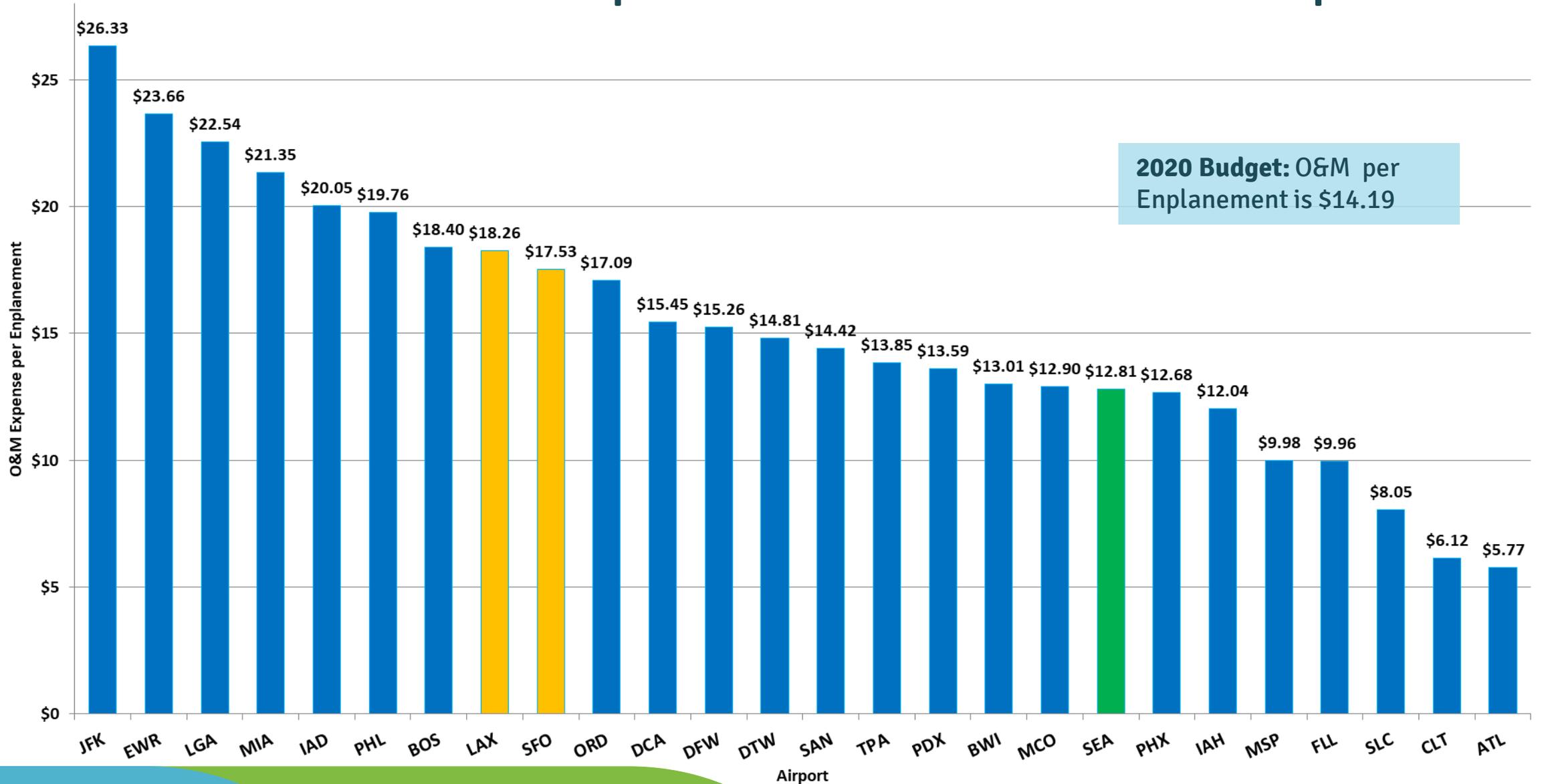
| 2020 Proposed Budget FTEs | FTEs | 2020 Proposed Budget FTEs (cont'd) | FTEs |
|---|------------|---|-------------|
| Aviation Project Management Group | 3.0 | AV Facilities and Capital Programs FTE's | 4.0 |
| Systems Administrator for AVPMG project tracking | 1.0 | AV Capital Programs Development Manager | 1.0 |
| Capital Project Manager III (ADR tenant projects) | 1.0 | Architect - AV F&I | 1.0 |
| AV Project Controls Analyst | 1.0 | Associate Planner - AV Planning | 1.0 |
| | | Journeyman Sign Writer | 1.0 |
| Terminal Operations FTE's | 2.0 | Maintenance FTE's | 27.0 |
| Senior Operations Controller (C4) | 1.0 | AVM Inventory Specialist | 1.0 |
| Certified Service Provider Program (CSPP) Manager | 1.0 | Baggage System Supervisors | 2.0 |
| | | Operating Engineer - Conveyor Shop | 2.0 |
| Landside FTE's | 1.0 | Operating Engineer - Boiler Room (Cargo/Terminal) | 3.0 |
| Load Dock Coordinator | 1.0 | Operating Engineer - Industrial Waste Treatment Plant | 1.0 |
| | | Electronic Technicians | 2.0 |
| Fire Department FTE's | 1.0 | Field Crew (coverage details pending) | 11.0 |
| Fire Protection Engineer | 1.0 | Carpenters (coverage details pending) | 2.0 |
| | | Painters (IAF/Cargo) | 2.0 |
| AV Innovation FTE's | 1.0 | Custodial Quality Assurance Specialist | 1.0 |
| Innovation Program Manager | 1.0 | | |
| | | Security FTE's | 8.0 |
| AV Environmental & Noise Programs [Central Services] | 2.0 | Employee Screeners (random screening) | 6.0 |
| Environmental Program Manager (Sustainability) | 1.0 | Background Checking Specialist (badging) | 1.0 |
| Noise Program Coordinator | 1.0 | Emergency Preparedness Coordinator | 1.0 |
| | | | |
| Aviation Finance & Budget [Central Services] | 2.0 | Customer Service FTE's | 4.0 |
| Sr. Financial System & Business Analyst | 1.0 | Customer Experience Manager | 1.0 |
| Financial Analyst (Grants & Capital Programs) | 1.0 | Pathfinders | 3.0 |
| | | | |
| | | New Intern FTE's - College/Graduate | 1.5 |
| | | | |
| <i>(continued)</i> | | 2020 Proposed New FTEs: | 56.5 |

EXPENSE SUMMARY AND COMPARISONS

Total Airport Expense Summary

| \$ in 000's | 2017 | 2018 | 2019 | 2019 | 2020 | Budget Change | | Budget vs Forecast | |
|---|----------------|----------------|----------------|----------------|----------------|-----------------|---------------|--------------------|---------------|
| | Actual | Actual | Budget | Forecast | Budget | \$ | % | \$ | % |
| Operating Expenses: | | | | | | | | | |
| Payroll | 112,183 | 119,331 | 141,316 | 141,226 | 149,993 | 8,677 | 6.1% | 8,767 | 6.2% |
| Outside Services | 41,989 | 53,003 | 60,950 | 61,590 | 66,167 | 5,218 | 8.6% | 4,577 | 7.4% |
| Utilities | 16,189 | 17,811 | 20,235 | 19,229 | 21,127 | 892 | 4.4% | 1,898 | 9.9% |
| Other Airport Expenses | 30,249 | 26,726 | 22,692 | 26,061 | 23,839 | 1,147 | 5.1% | (2,222) | -8.5% |
| Total Airport Direct Charges | 200,610 | 216,871 | 245,192 | 248,106 | 261,126 | 15,934 | 6.5% | 13,019 | 5.2% |
| Environmental Remediation Liability | 8,812 | 6,233 | 14,259 | 12,793 | 2,648 | (11,612) | -81.4% | (10,146) | -79.3% |
| Capital to Expense | 2,856 | 6,891 | - | - | - | - | NA | - | NA |
| Total Exceptions | 11,668 | 13,124 | 14,259 | 12,793 | 2,648 | (11,612) | -81.4% | (10,146) | -79.3% |
| Subtotal Airport Expenses before AVPMG | 212,278 | 229,995 | 259,451 | 260,900 | 263,773 | 4,322 | 1.7% | 2,873 | 1.1% |
| Aviation Project Mgmt Group (AVPMG) | 6,941 | 4,875 | 6,794 | 4,775 | 5,426 | (1,367) | -20.1% | 652 | 13.7% |
| Total Airport Expenses | 219,218 | 234,870 | 266,245 | 265,674 | 269,200 | 2,955 | 1.1% | 3,525 | 1.3% |
| Corporate (excluding Police and AVPMG) | 58,339 | 60,301 | 69,577 | 68,253 | 76,810 | 7,233 | 10.4% | 8,557 | 12.5% |
| Police Costs | 17,652 | 19,231 | 25,137 | 24,595 | 26,756 | 1,619 | 6.4% | 2,161 | 8.8% |
| Maritime/Economic Development | 3,904 | 4,446 | 5,145 | 4,581 | 5,566 | 421 | 8.2% | 985 | 21.5% |
| Total Charges from Other Divisions | 79,896 | 83,979 | 99,860 | 97,429 | 109,132 | 9,272 | 9.3% | 11,703 | 12.0% |
| Total Operating Expense | 299,114 | 318,849 | 366,105 | 363,104 | 378,332 | 12,227 | 3.3% | 15,228 | 4.2% |

2018 O&M Per Enplanement vs. Peer Airports



AERONAUTICAL BUSINESS

Aeronautical Business

- Revenues defined by cost recovery formulas in Signatory Lease and Operating Agreement (SLOA IV)
 - O&M and capital costs included in airline rate bases
- New costs (capital and operating) associated with IAF hit rate base in second half of 2020.
 - New debt service in 2020 offset by PFCs, minimizing impact on FIS rate
- Revenues and CPE increasing in 2020 as expected
 - Reduction in revenue sharing (eliminated in 2020 per SLOA IV) increases CPE but also increases Port cash flow

Aeronautical NOI

| \$ in 000's | 2017 | 2018 | 2019 | 2019 | 2020 | Budget Change | | Budget vs Forecast | |
|--|-----------------|-----------------|----------------|----------------|----------------|---------------|---------------|--------------------|---------------|
| | Actual | Actual | Budget | Forecast | Budget | \$ | % | \$ | % |
| Revenues: | | | | | | | | | |
| Airfield Movement Area | 108,638 | 116,703 | 130,873 | 129,230 | 132,389 | 1,516 | 1.2% | 3,159 | 2.4% |
| Airfield Apron Area | 16,771 | 15,627 | 19,714 | 12,295 | 22,027 | 2,312 | 11.7% | 9,732 | 79.2% |
| Terminal Rents | 155,431 | 169,318 | 203,319 | 211,805 | 213,108 | 9,789 | 4.8% | 1,302 | 0.6% |
| Federal Inspection Services (FIS) | 18,612 | 16,226 | 14,521 | 14,297 | 18,197 | 3,676 | 25.3% | 3,900 | 27.3% |
| Total Rate Base Revenues | 299,452 | 317,874 | 368,426 | 367,627 | 385,720 | 17,293 | 4.7% | 18,093 | 4.9% |
| Airfield Commercial Area | 10,574 | 10,257 | 12,859 | 13,116 | 16,097 | 3,238 | 25.2% | 2,981 | 22.7% |
| Subtotal before Revenue Sharing | 310,026 | 328,131 | 381,286 | 380,743 | 401,817 | 20,531 | 5.4% | 21,074 | 5.5% |
| Revenue Sharing | (42,311) | (36,863) | (15,682) | (16,637) | - | (15,682) | -100.0% | (16,637) | -100.0% |
| Other Prior Year Revenues | (26) | - | - | - | - | - | NA | - | NA |
| Total Aeronautical Revenues | 267,690 | 291,268 | 365,604 | 364,106 | 401,817 | 36,213 | 9.9% | 37,711 | 10.4% |
| Total Aeronautical Expenses | 195,414 | 211,101 | 243,102 | 241,821 | 249,322 | 6,220 | 2.6% | 7,501 | 3.1% |
| Net Operating Income | 72,276 | 80,167 | 122,502 | 122,286 | 152,495 | 29,993 | 24.5% | 30,209 | 24.7% |
| Debt Service | (86,564) | (91,673) | (109,343) | (113,820) | (121,410) | 12,066 | 11.0% | 7,590 | 6.7% |
| Net Cash Flow | (14,288) | (11,506) | 13,159 | 8,466 | 31,085 | 17,926 | 136.2% | 22,619 | 267.2% |

Aeronautical Cost Drivers

| | 2018 | 2019 | 2019 | 2020 | Impact on Aero Revenues Budget Change | | Impact on Aero Revenues Budget vs Forecast | |
|-------------------------------|----------------|----------------|----------------|----------------|---------------------------------------|-------------|--|-------------|
| | Actual | Budget | Forecast | Budget | \$ | % | \$ | % |
| \$ in 000's | | | | | | | | |
| O&M ⁽¹⁾ | 206,076 | 237,387 | 235,076 | 243,458 | 6,071 | 2.6% | 8,382 | 3.6% |
| Debt Service Gross | 115,419 | 136,513 | 137,696 | 174,455 | 37,942 | 27.8% | 36,759 | 26.7% |
| Debt Service PFC Offset | (32,987) | (33,045) | (33,060) | (62,998) | (29,953) | 90.6% | (29,938) | 90.6% |
| Net Debt Service | 82,432 | 103,468 | 104,636 | 111,457 | 7,989 | 7.7% | 6,821 | 6.5% |
| Amortization | 32,371 | 30,121 | 30,583 | 32,326 | 2,206 | 7.3% | 1,743 | 5.7% |
| Space Vacancy | (2,132) | (1,521) | (1,609) | (493) | 1,029 | -67.6% | 1,116 | -69.4% |
| TSA Operating Grant and Other | (873) | (1,028) | (1,059) | (1,028) | 0 | 0.0% | 30 | -2.9% |
| Rate Base Revenues | 317,874 | 368,426 | 367,627 | 385,720 | 17,294 | 4.7% | 18,093 | 4.9% |
| Commercial area | 10,257 | 12,859 | 13,116 | 16,097 | 3,238 | 25.2% | 2,981 | 22.7% |
| Total Aero Revenues | 328,131 | 381,286 | 380,743 | 401,817 | 20,531 | 5.4% | 21,074 | 5.5% |

(1) O&M, Debt Service Gross, and Amortization do not include commercial area costs or the international incentive expenses

- O&M costs driven by largest increases in :
 - FIS from Janitorial Expansion and increased Outside Service Contracts for new facility
 - Terminal Building Janitorial increase
- Capital costs driven by debt service on new facilities: Phase I NSAT, IAF, Perimeter Intrusion Detection System, Baggage Optimization, Arc Flash Mitigation project, Airfield Pavement Program (2019). Increase in PFC Offset which mainly applied to NSAT & IAF.

NON-AERONAUTICAL BUSINESS

Non-Aero Business

Non-Aero Revenue

- Airport Dining & Retail
 - Food & Beverage growth reflects new restaurant openings and continued passenger growth
 - Retail growth relatively flat as enplanement growth offset by decline in “grab-n-go” food sales as new restaurant offerings open
 - Duty Free sales expected to be relatively flat to 2018 Actuals which is an increase from the 2019 Forecast. Duty Free sales have been impacted by tariff restrictions and limited store size which prevents SEA from offering the most desired luxury brands . These challenges are partially offset by the growth in international enplanements.
 - Advertising – strong demand and increased FMV for ad space
- Parking
 - Continued passenger growth and mid-2019 tariff increase drives revenue growth
 - Partially offset by decline in short-term (<1 day) parking transactions likely related to changing customer preference toward emerging transportation alternatives
- Rental Car:
 - Transaction per O&D enplanement continuing to decline, primarily in short-term (<1 day) rental transactions again related to changing customer preference toward emerging transportation alternatives
- Ground Transportation – continued growth of TNCs. Added taxi curbside contract costs.
- Commercial properties – base property revenues continue to grow, strong demand for In-flight Kitchen
- Airport lounges continue to grow – demand exceeds capacity during peak hours

Non-Aero Expense

- Non-aero cost growth impacted by share of division wide initiatives, mostly non-recurring

Non-Aero NOI

| \$ in 000's | 2017 | 2018 | 2019 | 2019 | 2020 | Budget Change | | Budget vs Forecast | |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|--------------------|-------------|
| | Actual | Actual | Budget | Forecast | Budget | \$ | % | \$ | % |
| Non-Aero Revenues | | | | | | | | | |
| Rental Cars - Operations | 35,051 | 37,306 | 36,455 | 37,088 | 37,363 | 908 | 2.5% | 275 | 0.7% |
| Rental Cars - Operating CFC | 10,641 | 16,263 | 13,624 | 14,615 | 13,786 | 162 | 1.2% | (829) | -5.7% |
| Public Parking | 75,106 | 80,212 | 82,350 | 84,072 | 89,485 | 7,135 | 8.7% | 5,413 | 6.4% |
| Ground Transportation | 15,684 | 18,772 | 19,734 | 20,706 | 22,299 | 2,565 | 13.0% | 1,593 | 7.7% |
| Airport Dining & Retail | 54,611 | 59,021 | 59,484 | 59,962 | 66,145 | 6,661 | 11.2% | 6,183 | 10.3% |
| Non-Airline Terminal Leased Space | 4,369 | 5,302 | 4,909 | 5,879 | 5,700 | 791 | 16.1% | (179) | -3.0% |
| Commercial Properties | 18,042 | 15,434 | 14,219 | 15,471 | 16,660 | 2,441 | 17.2% | 1,190 | 7.7% |
| Utilities | 7,018 | 7,206 | 8,058 | 8,026 | 8,833 | 775 | 9.6% | 807 | 10.1% |
| Employee Parking | 9,617 | 10,269 | 10,134 | 10,134 | 10,137 | 3 | 0.0% | 3 | 0.0% |
| Clubs and Lounges | 5,041 | 6,802 | 8,520 | 10,329 | 10,536 | 2,015 | 23.7% | 207 | 2.0% |
| Other Non-Aero Revenue | 1,624 | 1,119 | 2,049 | 2,150 | 2,225 | 176 | 8.6% | 75 | 3.5% |
| Total Non-Aero Revenues | 236,803 | 257,707 | 259,537 | 268,431 | 283,169 | 23,632 | 9.1% | 14,738 | 5.5% |
| Total Non-Aero Expenses | 103,702 | 107,748 | 123,003 | 121,283 | 129,010 | 6,007 | 4.9% | 7,727 | 6.4% |
| Net Operating Income | 133,101 | 149,959 | 136,534 | 147,148 | 154,159 | 17,626 | 12.9% | 7,011 | 4.8% |
| Less: CFC Surplus | (2,750) | (6,157) | (3,993) | (4,769) | (4,128) | 135 | 3.4% | (641) | -13.4% |
| Adjusted Non-Aero NOI | 130,351 | 143,802 | 132,540 | 142,379 | 150,031 | 17,491 | 13.2% | 7,652 | 5.4% |
| Debt Service | (44,495) | (44,545) | (49,352) | (49,093) | (50,064) | 712 | 1.4% | 971 | 2.0% |
| Net Cash Flow | 85,856 | 99,257 | 83,188 | 93,287 | 99,967 | 16,779 | 20.2% | 6,680 | 7.2% |

Public Parking

| Public Parking - Revenue Detail \$ in 000's | 2017 | 2018 | 2019 | 2019 | 2020 | Budget Change | | Incr / (Decr) | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|-------------|--------------------|-------------|
| | Actual | Actual | Budget | Forecast | Budget | \$ | % | Budget vs Forecast | |
| | | | | | | | | \$ | % |
| Parking Garage Revenue to Port | | | | | | | | | |
| Revenue to Port - General Parking | 68,024 | 72,473 | 74,554 | 76,022 | 81,300 | 6,746 | 9.0% | 5,278 | 6.9% |
| Other Garage Revenue Programs | | | | | | | | | |
| Premier Corporate Parking | 958 | 1,225 | 1,247 | 1,323 | 1,360 | 113 | 9.1% | 37 | 2.8% |
| Passport Parking Program | 2,990 | 3,219 | 3,330 | 3,472 | 3,570 | 240 | 7.2% | 98 | 2.8% |
| Revenue to Port - Parking Programs | 3,947 | 4,444 | 4,578 | 4,795 | 4,930 | 352 | 7.7% | 135 | 2.8% |
| Total Parking Garage Revenue | 71,971 | 76,917 | 79,132 | 80,817 | 86,230 | 7,098 | 9.0% | 5,413 | 6.7% |
| Other Parking Revenue | | | | | | | | | |
| Concession Rent - Doug Fox off-site parking | 3,109 | 3,238 | 3,200 | 3,200 | 3,200 | - | 0.0% | - | 0.0% |
| Space Rent and Other Parking Revenue | 25 | 56 | 19 | 55 | 55 | 36 | 190.1% | - | 0.0% |
| Total Parking Revenue | 75,106 | 80,212 | 82,350 | 84,072 | 89,485 | 7,135 | 8.7% | 5,413 | 6.4% |
| Total Enplanements | 23,416 | 24,894 | 25,394 | 25,890 | 26,667 | 1,273 | 5.0% | 777 | 3.0% |
| O&D % | 70.4% | 71.2% | 70.3% | 71.1% | 71.0% | 0.7% | 1.0% | -0.1% | -0.1% |
| O&D Enplanements | 16,485 | 17,725 | 17,852 | 18,408 | 18,933 | 1,082 | 6.1% | 526 | 2.9% |
| Revenue per O&D Enplanement Metrics | | | | | | | | | |
| Public Parking | \$ 4.13 | \$ 4.09 | \$ 4.18 | \$ 4.13 | \$4.29 | \$ 0.12 | 2.8% | \$ 0.16 | 4.0% |
| Premier Corporate Parking | \$ 0.06 | \$ 0.07 | \$ 0.07 | \$ 0.07 | \$0.07 | \$ 0.00 | 2.8% | \$ (0.00) | -0.1% |
| Passport Parking Program | \$ 0.18 | \$ 0.18 | \$ 0.19 | \$ 0.19 | \$0.19 | \$ 0.00 | 1.1% | \$ (0.00) | 0.0% |
| Total Garage Revenue per O&D Enplanement | \$ 4.37 | \$ 4.34 | \$ 4.43 | \$ 4.39 | \$ 4.55 | \$ 0.12 | 2.7% | \$ 0.16 | 3.7% |

Rental Cars

| Rental Car - Revenue Detail | | | | | | Incr / (Decr) | | Incr / (Decr) | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|--------------|---------------------------|--------------|
| # and \$ in 000's | 2017 | 2018 | 2019 | 2019 | 2020 | Budget Change | | Budget vs Forecast | |
| | Actual | Actual | Budget | Forecast | Budget | \$ | % | \$ | % |
| RCF Concession Revenue to Port | 31,352 | 33,474 | 32,666 | 33,300 | 33,500 | 834 | 2.6% | 200 | 0.6% |
| Total Enplanements | 23,416 | 24,894 | 25,394 | 25,890 | 26,667 | 1,273 | 5.0% | 777 | 3.0% |
| O&D % | 70.4% | 71.2% | 70.3% | 71.1% | 71.0% | 0.7% | 1.0% | -0.1% | -0.1% |
| O&D Enplanements | 16,485 | 17,725 | 17,852 | 18,408 | 18,933 | 1,082 | 6.1% | 526 | 2.9% |
| Gross Sales by Operators | 313,654 | 334,355 | 326,665 | 333,405 | 335,000 | 8,335 | 2.6% | 1,595 | 0.5% |
| Total Transactions | 1,388 | 1,416 | 1,396 | 1,395 | 1,369 | (27) | -1.9% | (26) | -1.9% |
| Average Ticket | \$226.03 | \$236.08 | \$234.00 | \$239.00 | \$245.00 | \$11.00 | 4.7% | \$6.00 | 2.5% |
| Average Length of Stay | 4.37 | 4.44 | 4.43 | 4.54 | 4.59 | 0.16 | 3.6% | 0.05 | 1.1% |
| Transactions/O&D Enplanements | 8.42% | 7.99% | 7.82% | 7.58% | 7.23% | -0.59% | -7.5% | -0.35% | -4.6% |
| CFC Revenue Summary | | | | | | | | | |
| Total Transaction Days | 6,070 | 6,286 | 6,184 | 6,333 | 6,284 | 100 | 1.6% | (49) | -0.8% |
| CFC Rate per Transaction Day | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$0.00 | 0.0% | \$0.00 | 0.0% |
| CFC Revenue Earned | 36,421 | 37,716 | 37,106 | 37,998 | 37,700 | 594 | 1.6% | (298) | -0.8% |
| Other CFC Collections | (160) | 349 | - | - | - | - | NA | - | NA |
| Total CFC Revenue Earned | 36,261 | 38,065 | 37,106 | 37,998 | 37,700 | 594 | 1.6% | (298) | -0.8% |
| Reserve for debt service and CP interest: | (22,621) | (21,802) | (23,482) | (23,383) | (23,914) | (138) | 0.6% | (237) | 1.0% |
| Reserve for CP principal payment: | (3,000) | - | - | - | - | - | NA | - | NA |
| Debt Service Reserve Requirement | (25,621) | (21,802) | (23,482) | (23,383) | (23,914) | (138) | 0.6% | (237) | 1.0% |
| Residual - CFC Operating Revenue: | 10,641 | 16,263 | 13,624 | 14,615 | 13,786 | 456 | 3.3% | (535) | -3.7% |
| Rental Car - Revenue Summary | | | | | | | | | |
| # and \$ in 000's | 2017 | 2018 | 2019 | 2019 | 2020 | Incr / (Decr) | | Incr / (Decr) | |
| | Actual | Actual | Budget | Forecast | Budget | \$ | % | \$ | % |
| RCF Concession Revenue to Port | 31,352 | 33,474 | 32,666 | 33,300 | 33,500 | 834 | 2.6% | 200 | 0.6% |
| Residual - CFC Operating Revenue: | 10,641 | 16,263 | 13,624 | 14,615 | 13,786 | 456 | 3.3% | (535) | -3.7% |
| Land Rent/Space Rent/Other | 3,699 | 3,833 | 3,788 | 3,788 | 3,863 | 102 | 2.7% | 102 | 2.7% |
| Total Rental Cars Oper Revenue | 45,691 | 53,569 | 50,079 | 51,703 | 51,149 | 1,391 | 2.8% | (233) | -0.5% |

Ground Transportation

| Revenue to Port \$ in 000's | 2017 | 2018 | 2019 | 2019 | 2020 | Incr / (Decr) Budget Change | | Incr / (Decr) Budget vs Forecast | |
|--|----------------|----------------|----------------|------------------|----------------|--------------------------------|--------------|-------------------------------------|---------------|
| | Actual | Actual | Budget | Forecast | Budget | \$ | % | \$ | % |
| Ground Transportation Revenues | | | | | | | | | |
| Transportation Network Companies | 6,940 | 10,349 | 11,574 | 12,864 | 14,794 | 3,220 | 27.8% | 1,930 | 15.0% |
| On Demand Taxis | 5,199 | 4,475 | 4,176 | 3,690 | 3,321 | (855) | -20.5% | (369) | -10.0% |
| On Demand Limos | 858 | 853 | 842 | 842 | 837 | (5) | -0.6% | (5) | -0.6% |
| Belled In Taxis (Annual Permit) | 45 | 35 | 33 | 29 | 24 | (9) | -27.3% | (5) | -17.2% |
| Pre-Arranged Limos (Annual Permit) | 626 | 635 | 588 | 588 | 581 | (8) | -1.3% | (8) | -1.3% |
| Courtesy Cars (cost recovery) | 1,319 | 1,660 | 1,919 | 2,020 | 1,984 | 65 | 3.4% | (36) | -1.8% |
| All other Operators (cost recovery) | 394 | 340 | 388 | 459 | 388 | - | 0.0% | (71) | -15.5% |
| Other Misc Revenues | 303 | 424 | 214 | 214 | 294 | 80 | 37.4% | 80 | 37.4% |
| Total GT Revenue | 15,684 | 18,772 | 19,734 | 20,706 | 22,299 | 2,565 | 13.0% | 1,593 | 7.7% |
| Trip Activity in 000's | | | | | | Incr / (Decr) Budget Change | | Incr / (Decr) Budget vs Forecast | |
| | 2017 Actual | 2018 Actual | 2019 Budget | 2019 Forecast | 2020 Budget | # | % | # | % |
| Ground Transportation Trips | | | | | | | | | |
| Transportation Network Companies | 1,277 | 1,715 | 1,929 | 2,144 | 2,466 | 537 | 27.8% | 322 | 15.0% |
| On Demand Taxis | 750 | 723 | 696 | 615 | 554 | (143) | -20.5% | (62) | -10.0% |
| On Demand Limos | 72 | 69 | 67 | 67 | 66 | (1) | -2.0% | (1) | -2.0% |
| Belled In Taxis (Annual Permit) | 56 | 18 | 18 | 14 | 14 | (4) | -22.5% | - | 0.0% |
| Pre-Arranged Limos (Annual Permit) | 337 | 347 | 344 | 344 | 340 | (4) | -1.2% | (4) | -1.2% |
| Courtesy Cars (cost recovery) | 1,175 | 1,209 | 1,160 | 1,224 | 1,240 | 80 | 6.9% | 16 | 1.3% |
| All other Operators (cost recovery) | 79 | 63 | 57 | 76 | 57 | - | 0.0% | (19) | -25.2% |
| Total GT Trip Activity | 3,746 | 4,145 | 4,271 | 4,484 | 4,753 | 483 | 11.3% | 269 | 6.0% |

Airport Dining & Retail

| Airport Dining & Retail <i>Org Basis (in 000's)</i> | 2017 | 2018 | 2019 | 2019 | 2020 | Budget Change | | Budget v. Forecast | |
|--|----------------|----------------|----------------|----------------|----------------|---------------|--------------|--------------------|--------------|
| | Actual | Actual | Budget | Forecast | Budget | \$ | % | \$ | % |
| ADR Revenue (Rent to the Port) | | | | | | | | | |
| Food & Beverage | 21,579 | 23,132 | 23,780 | 23,917 | 28,077 | 4,297 | 18.1% | 4,159 | 17.4% |
| Retail | 13,989 | 17,005 | 15,445 | 17,268 | 17,398 | 1,954 | 12.6% | 130 | 0.8% |
| Duty Free | 6,912 | 7,026 | 7,497 | 6,290 | 6,709 | (787) | -10.5% | 420 | 6.7% |
| Personal Services | 3,728 | 3,951 | 3,785 | 3,744 | 3,966 | 181 | 4.8% | 223 | 5.9% |
| Advertising | 6,662 | 6,432 | 6,896 | 6,896 | 8,103 | 1,208 | 17.5% | 1,208 | 17.5% |
| Space Rental - office & storage | 1,292 | 1,351 | 1,385 | 1,320 | 1,371 | (14) | -1.0% | 50 | 3.8% |
| All other revenue | 449 | 125 | 697 | 528 | 520 | (177) | -25.4% | (7) | -1.3% |
| Total ADR Revenue | 54,611 | 59,022 | 59,484 | 59,962 | 66,145 | 6,661 | 11.2% | 6,183 | 10.3% |
| ADR Gross Sales | | | | | | | | | |
| Food & Beverage | 168,219 | 182,781 | 185,341 | 189,625 | 212,988 | 27,646 | 14.9% | 23,363 | 12.3% |
| Retail | 95,398 | 109,125 | 98,639 | 103,947 | 110,778 | 12,139 | 12.3% | 6,831 | 6.6% |
| Duty Free | 21,254 | 20,774 | 22,828 | 19,529 | 20,701 | (2,128) | -9.3% | 1,172 | 6.0% |
| Personal Services | 22,348 | 23,502 | 23,151 | 22,745 | 22,935 | (216) | -0.9% | 190 | 0.8% |
| Total ADR Gross Sales | 307,220 | 336,182 | 329,959 | 335,846 | 367,401 | 37,442 | 10.2% | 31,555 | 9.4% |
| Sales per Enplanement | | | | | | | | | |
| SPE - Food & Beverage | 7.18 | 7.34 | 7.30 | 7.32 | 7.99 | 0.69 | 9.4% | 0.66 | 9.0% |
| SPE - Retail Sales | 4.07 | 4.38 | 3.88 | 4.01 | 4.15 | 0.27 | 6.9% | 0.14 | 3.5% |
| SPE - Duty Free | 0.91 | 0.83 | 0.90 | 0.75 | 0.78 | (0.12) | -13.7% | 0.02 | 2.9% |
| SPE - Personal Services | 0.95 | 0.94 | 0.89 | 0.88 | 0.86 | (0.03) | -3.0% | (0.02) | -2.1% |
| SPE - Airport Dining & Retail | \$13.12 | \$13.50 | \$12.97 | \$12.97 | \$13.78 | \$0.81 | 6.2% | \$0.81 | 6.2% |

Non-Airline Terminal Leased Space

| Non-Airline Terminal Leased Space <i>Org Basis (in 000's)</i> | 2017 | 2018 | 2019 | 2019 | 2020 | Budget Change | | Budget vs Forecast | |
|---|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------------|--------------|
| | Actual | Actual | Budget | Forecast | Budget | \$ | % | \$ | % |
| Maintenance Service Fees | 20 | 238 | 268 | 268 | 266 | (2) | -0.6% | (2) | -0.6% |
| Space Rental - Terminal | 4,364 | 5,063 | 4,641 | 5,611 | 5,434 | 793 | 17.1% | (177) | -3.2% |
| All other ORG 3645 revenue | (15) | 0 | 0 | (0) | - | - | 0.0% | 0 | 0.0% |
| Total ORG 3645 Revenue | 4,369 | 5,302 | 4,909 | 5,879 | 5,700 | 791 | 16.1% | (179) | -3.0% |

Significant Revenue Changes (in 000's):

| | | | | | | | | | |
|---------|-------|-------|-------|-------|-------|-----|-------|-------|--------|
| AIClear | 432 | 967 | 875 | 1,533 | 1,625 | 750 | 85.7% | 92 | 6.0% |
| TSA/GSA | 2,017 | 2,010 | 1,701 | 2,089 | 1,735 | 33 | 2.0% | (354) | -16.9% |

Non Aero Commercial Properties

| Non-Aero Commercial Properties Revenue | 2017 | 2018 | 2019 | 2019 | 2020 | Budget Change | | Budget vs Forecast | |
|--|---------------|---------------|---------------|-----------------|---------------|----------------------|--------------|---------------------------|--------------|
| <i>Subclass Basis (in 000's)</i> | Actual | Actual | Budget | Forecast | Budget | \$ | % | \$ | % |
| Revenue Source | | | | | | | | | |
| NEW DEVELOPMENT PARCELS | | | | | | | | | |
| DMCBP Land Rents - all (3) phases | 1,079 | 1,556 | 1,573 | 1,573 | 1,617 | 44 | 2.8% | 44 | 2.8% |
| DMCBP In Lieu - 7yr repayment schedule (Phase I & III) | 445 | 482 | 522 | 522 | 522 | - | 0.0% | - | 0.0% |
| DMCBP In Lieu - lump sum payment (Phase II) | 5,434 | - | - | - | - | - | | - | |
| DesMoines Creek Business Park: | 6,958 | 2,038 | 2,095 | 2,095 | 2,139 | 44 | 2.1% | 44 | 2.1% |
| NERA 2 Land Rent | 15 | 248 | 268 | 268 | 268 | 0 | 0.0% | 0 | 0.0% |
| NERA 3 Land Rent | 42 | 687 | 734 | 734 | 734 | - | 0.0% | - | 0.0% |
| Des Moines Creek North Land Rent | - | 90 | 593 | 593 | 847 | 255 | 43.0% | 255 | 43.0% |
| Other New Development Revenue: | 57 | 1,025 | 1,595 | 1,595 | 1,850 | 255 | 16.0% | 255 | 16.0% |
| Subtotal - New Development revenue: | 7,015 | 3,063 | 3,690 | 3,690 | 3,988 | 299 | 8.1% | 299 | 8.1% |
| In-Flight Kitchen Revenue | 7,827 | 8,705 | 8,634 | 9,709 | 9,974 | 1,340 | 15.5% | 265 | 2.7% |
| Burien NERA 3 FAA Pilot Program grant | 1,402 | 1,807 | - | - | - | - | | - | |
| All Other Commercial Properties Revenue | 1,798 | 1,859 | 1,896 | 2,072 | 2,698 | 802 | 42.3% | 626 | 30.2% |
| Non-Aero Commercial Properties Revenue: | 18,042 | 15,433 | 14,219 | 15,471 | 16,660 | 2,441 | 17.2% | 1,190 | 7.7% |

Port-owned Common Use Clubs and Lounges

| Airport Clubs & Lounges <i>Org Basis (in 000's)</i> | 2017 | 2018 | 2019 | 2019 | 2020 | Budget Changes | | Budget vs Forecast | |
|---|---------------|---------------|---------------|-----------------|---------------|-----------------------|--------------|---------------------------|--------------|
| | Actual | Actual | Budget | Forecast | Budget | \$ | % | \$ | % |
| Clubs & Lounges Revenue | 5,041 | 6,802 | 8,520 | 10,329 | 10,536 | 2,015 | 23.7% | 207 | 2.0% |
| Operating Expenses | | | | | | | | | |
| 3rd Party Operating Expenses | 1,598 | 2,144 | 2,780 | 3,287 | 3,917 | 1,137 | 40.9% | 630 | 19.2% |
| Base Management Fee | 182 | 182 | 182 | 182 | 182 | - | 0.0% | - | 0.0% |
| Incentive Management Fee | 103 | 173 | 229 | 242 | 266 | 36 | 15.9% | 23 | 9.7% |
| Management Fee | 285 | 356 | 412 | 425 | 448 | 36 | 8.8% | 23 | 5.5% |
| B&O taxes | 76 | 102 | 128 | 128 | 158 | 30 | 23.7% | 30 | 23.7% |
| Other expenses | 0 | 7 | (0) | 0 | 0 | 0 | 0.0% | - | |
| Clubs & Lounges Expenses | 1,959 | 2,609 | 3,319 | 3,840 | 4,523 | 1,204 | 36.3% | 683 | 17.8% |
| Income from Operations | 3,081 | 4,193 | 5,201 | 6,489 | 6,013 | 811 | 15.6% | (477) | (0) |

CAPITAL BUDGET



Summary of Proposed New Projects

| # of Projects | Description | Cost Estimate | Cash Flows (Figures in \$000s) | | | | | 2020 - 24 |
|---------------|------------------------|----------------|--------------------------------|---------------|---------------|---------------|---------------|----------------|
| | | | 2020 | 2021 | 2022 | 2023 | 2024 | TOTAL |
| 11 | Asset Management | 169,150 | 1,563 | 10,572 | 21,703 | 50,482 | 57,986 | 142,305 |
| 3 | Safety & Security | 14,800 | 672 | 2,169 | 3,330 | 2,803 | 2,353 | 11,328 |
| 10 | Business Need | 91,200 | 933 | 5,364 | 8,010 | 21,519 | 19,121 | 54,948 |
| 7 | Customer Service | 48,350 | 74 | 1,070 | 3,011 | 4,109 | 4,632 | 12,896 |
| 3 | Grow Non-Aero Revenues | 39,100 | 571 | 2,579 | 2,823 | 3,833 | 1,905 | 11,711 |
| 34 | TOTAL | 362,600 | 3,813 | 21,755 | 38,877 | 82,746 | 85,996 | 233,188 |

- Following slides list each new proposed project by category

Proposed Capital Projects – Safety & Security

| # | CIP | Description | Cost Estimate | Cash Flows (Figures in \$000s) | | | | | 2020 - 24 TOTAL |
|--------------|---------|------------------------------|---------------|--------------------------------|-------|-------|-------|-------|-----------------|
| | | | | 2020 | 2021 | 2022 | 2023 | 2024 | |
| 1 | C801119 | Load Dock Employee Screening | 1,500 | 118 | 451 | 466 | 408 | 16 | 1,459 |
| 2 | C801125 | Mezzanine Security Glass | 12,900 | 491 | 1,657 | 2,743 | 2,286 | 2,292 | 9,468 |
| 3 | C801126 | North cargo area cameras | 400 | 64 | 61 | 121 | 109 | 45 | 400 |
| TOTAL | | | 14,800 | 672 | 2,169 | 3,330 | 2,803 | 2,353 | 11,328 |

1. Load Dock Employee Screening:

As part of the Airport's plan to ensure safe and secure operations, the Airport is striving for 100% employee screening. Currently, there is access control to the secure side of the terminal on the load dock, but no employee screening. Employee screening on the load dock would be collocated with inspections for deliveries in order to provide screening for employees, vendors, contractors, and their personal items. This project would provide an AIT and x-ray.

2. Mezzanine Security Glass:

This project will replace the currently installed glass railing on the mezzanine level, GML hall and other areas that provide unfettered elevated access over publicly occupied space with a 7-8 ft. high glass wall.

3. North cargo area cameras:

The north cargo area, comprised of Cargo 1, 2, 3 and 4, hosted more than 6,300 live cargo operations in 2018. This operational total excludes passenger RON activity. In addition, the Cargo 1 ramp area was the location where the Horizon Air aircraft theft incident occurred in August 2018, is out of existing range of consistent camera surveillance. At present the cargo areas north of Cargo 6 area is monitored by only 3 cameras on the existing Genetec security system.

Proposed Capital Projects – Asset Management

| # | CIP | Description | Cost Estimate | Cash Flows (Figures in \$000s) | | | | | 2020 - 24 TOTAL |
|----|---------|---|----------------|--------------------------------|---------------|---------------|---------------|---------------|-----------------|
| | | | | 2020 | 2021 | 2022 | 2023 | 2024 | |
| 1 | C801127 | Baggage Claim Device R&R Prog | 71,000 | - | 2,935 | 6,058 | 24,597 | 32,850 | 66,440 |
| 2 | C801045 | Common Use System Replacement | 3,750 | 178 | 619 | 1,303 | 1,191 | 459 | 3,750 |
| 3 | C801038 | Domestic Water Piping Phase 2 | 11,500 | - | 564 | 1,079 | 3,642 | 4,001 | 9,285 |
| 4 | C801042 | Landside Pavement Program1 | 20,000 | - | 40 | 1,517 | 2,555 | 8,097 | 12,209 |
| 5 | C801037 | C4 Generator Control | 6,800 | 142 | 1,071 | 3,069 | 2,462 | 55 | 6,800 |
| 6 | C801034 | Digital Signage: Ticketing, Baggage Claim and Drives2 | 5,000 | 371 | 1,209 | 1,143 | 1,143 | 1,044 | 4,910 |
| 7 | C801046 | Concourse D Electrical Upgrade | 8,400 | 636 | 1,320 | 2,909 | 3,055 | 481 | 8,400 |
| 8 | C801047 | Cooling Tower Upgrades | 3,800 | - | - | - | - | 252 | 252 |
| 9 | C801123 | IWTP Improvements | 27,000 | 93 | 1,827 | 1,813 | 6,937 | 8,207 | 18,878 |
| 10 | C801044 | Carpet Renewal/Replacement - Concourse D | 1,300 | - | - | 99 | 252 | 430 | 781 |
| 11 | C801122 | IWTP Controls Conversion | 10,600 | 143 | 987 | 2,712 | 4,648 | 2,109 | 10,600 |
| | | TOTAL | 169,150 | 1,563 | 10,572 | 21,703 | 50,482 | 57,986 | 142,305 |

Proposed Capital Projects – Business Need

| # | CIP | Description | Cost Estimate | Cash Flows (Figures in \$000s) | | | | | 2020 - 24 TOTAL |
|----|---------|--|---------------|--------------------------------|-------|-------|--------|--------|-----------------|
| | | | | 2020 | 2021 | 2022 | 2023 | 2024 | |
| 1 | C801134 | AvOps Wildlife Storage Building | 800 | - | - | - | - | 84 | 84 |
| 2 | C801131 | North End Airport Support Equipment Area | 10,000 | - | - | - | - | 470 | 470 |
| 3 | C801135 | North Cargo Area Improvements | 5,500 | - | - | - | - | 286 | 286 |
| 4 | C801124 | Air Cargo Truck Staging Yard | 3,500 | 187 | 321 | 1,929 | 1,063 | - | 3,500 |
| 5 | C801041 | HVAC Upgrade Concourses C & D | 50,000 | 629 | 3,342 | 3,316 | 11,497 | 12,164 | 30,948 |
| 6 | C801120 | PCS Yard Trailer Replacement | 1,500 | 118 | 451 | 466 | 408 | 16 | 1,459 |
| 7 | C200096 | Apartment Sound Insulation (Pilot Project) | 2,300 | - | - | 2,300 | - | - | 2,300 |
| 8 | C200097 | ATZ Residential Acquisition | 11,500 | - | - | - | 6,500 | 5,000 | 11,500 |
| 9 | C200098 | Places of Worship Sound Insulation (Pilot Project) | 1,100 | - | - | - | - | 1,100 | 1,100 |
| 10 | C801040 | Fire Department Apparatus Renewal Replacement | 5,000 | - | 1,250 | - | 2,050 | - | 3,300 |
| | | | - | - | - | - | - | - | - |
| | | TOTAL | 91,200 | 933 | 5,364 | 8,010 | 21,519 | 19,121 | 54,948 |

Proposed Capital Projects – Customer Service

| # | CIP | Description | Cost Estimate | Cash Flows (Figures in \$000s) | | | | | 2020 - 24 TOTAL |
|---|---------|--|---------------|--------------------------------|-------|-------|-------|-------|-----------------|
| | | | | 2020 | 2021 | 2022 | 2023 | 2024 | |
| 1 | C801054 | Smoking Shelters | 550 | - | - | - | - | 77 | 77 |
| 2 | C801053 | Terminal Information Hubs | 700 | 74 | 111 | 227 | 206 | 82 | 700 |
| 3 | C801129 | Play Area Renovation | 1,100 | - | 93 | 192 | 371 | 353 | 1,008 |
| | | Restroom Renewal/Replacement Main | 21,000 | - | 866 | 2,592 | 3,532 | 2,921 | 9,911 |
| 4 | C801050 | Terminal, Mezz & Bag Claim | | | | | | | |
| 5 | C801133 | SSAT Meditation Room | 1,100 | - | - | - | - | 96 | 96 |
| 6 | C801132 | Pre-Security Tenant Offices | 7,900 | - | - | - | - | 382 | 382 |
| | | Restroom Renewal/Replacement Concourse | 16,000 | - | - | - | - | 722 | 722 |
| 7 | C801049 | A, CTE | | | | | | | |
| | | TOTAL | 48,350 | 74 | 1,070 | 3,011 | 4,109 | 4,632 | 12,896 |

Proposed Capital Projects – Grow Non-Aero Revenues

| # | CIP | Description | Cost Estimate | Cash Flows (Figures in \$000s) | | | | | 2020 - 24 TOTAL |
|---|---------|--------------------------------|---------------|--------------------------------|-------|-------|-------|-------|-----------------|
| | | | | 2020 | 2021 | 2022 | 2023 | 2024 | |
| 1 | C801121 | Port shared lounge Conc A exp2 | 7,700 | 566 | 2,375 | 2,475 | 2,159 | 84 | 7,659 |
| 2 | C801128 | 3rd FL GT Booth Enhancements | 2,800 | 5 | 204 | 348 | 1,674 | 570 | 2,800 |
| 3 | C801056 | New Leasable Space | 28,600 | - | - | - | - | 1,251 | 1,251 |
| | | TOTAL | 39,100 | 571 | 2,579 | 2,823 | 3,833 | 1,905 | 11,711 |

1. Port shared lounge Conc A exp:

This project will expand the Port Common Use Lounge on A Concourse (Club at SEA) by 1,500 sq. ft. in to an unused & unfinished storage space to the east of the existing lounge. This work will require a sprinkler renovation and HVAC update to the entire space.

During this expansion the lounge will be renovated to include an internal first-class lounge area, two shower suites and a reconfiguration/expansion of the kitchen and bar/food service area.

This project will also refresh other FFE (furniture, fixtures and equipment) in the lounge that is past its useful life.

2. 3rd FL GT Booth Enhancements:

This project will expand and renovate the Ground Transportation Offices on the 3rd floor of the parking garage. This project will also explore the addition of internal employee restrooms, increase cell coverage and WIFI, update an upstairs breakroom and relocate a data center in the adjacent booth.

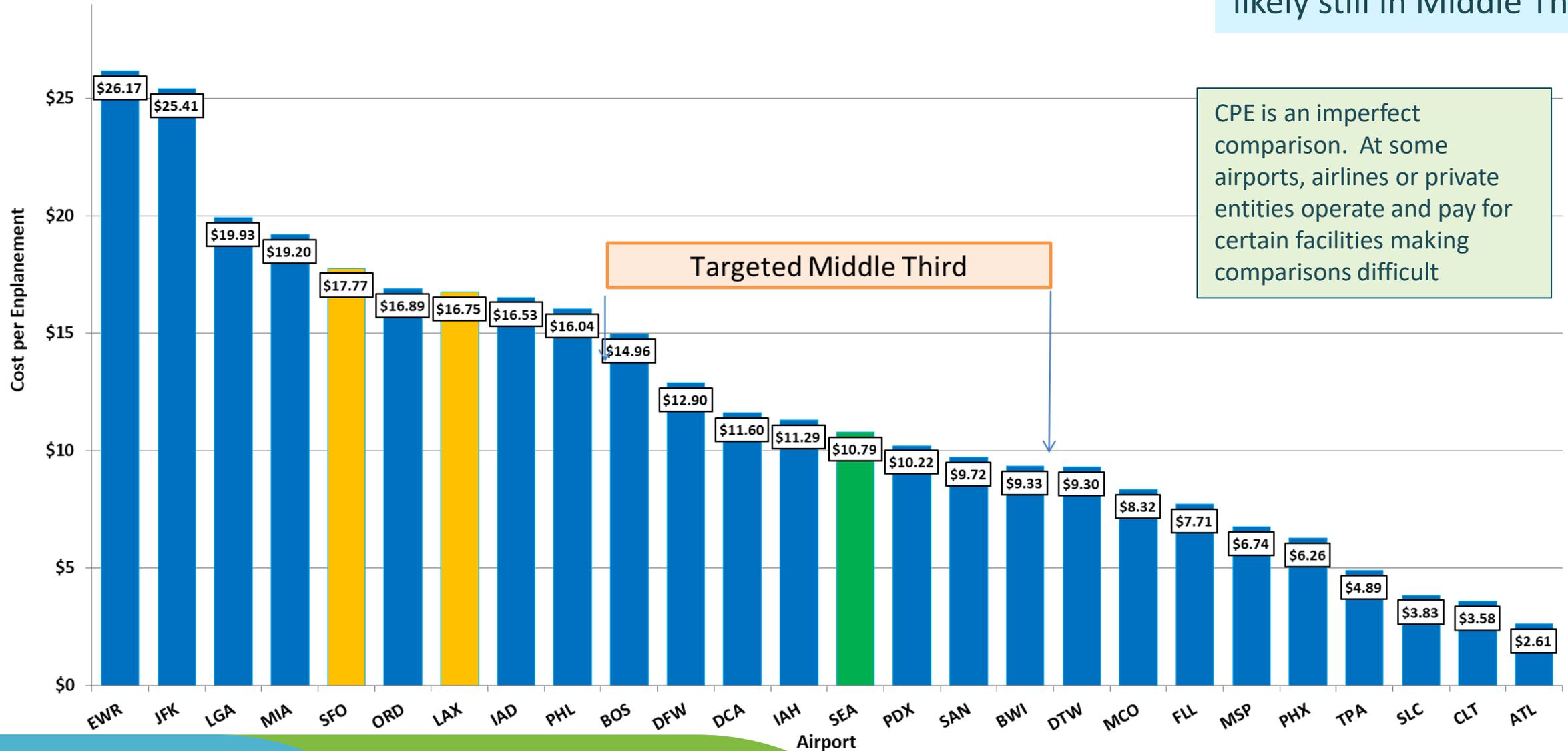
3. New Leasable Space:

This project will convert several vacant and/or undeveloped spaces in the airport into occupiable spaces. The spaces can then be used for Port functions, contractor offices/break rooms or can be leased to airport tenants for a variety of uses.

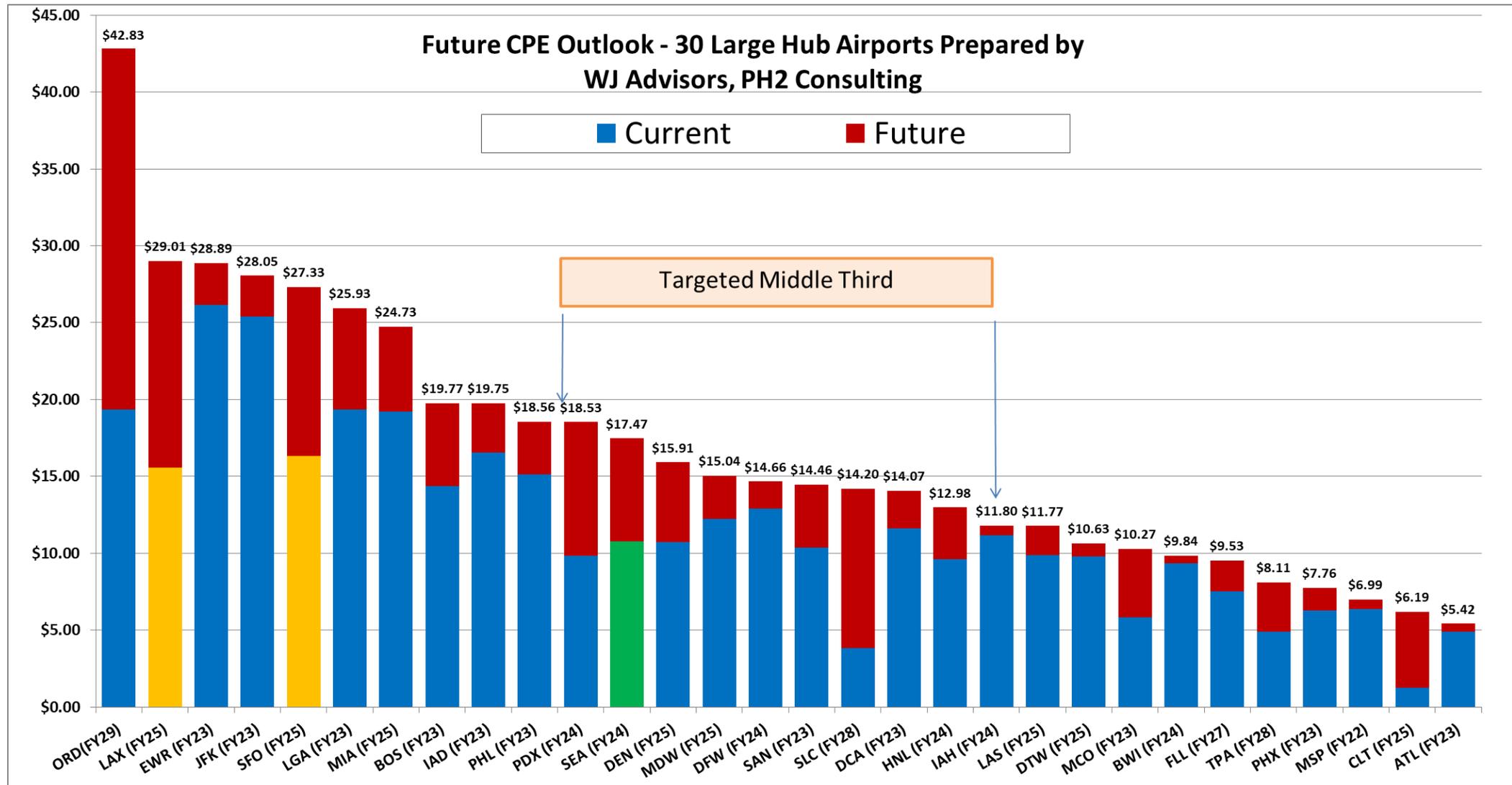
CPE COMPARISONS TO PEER AIRPORTS

2018 CPE Comparison

SEA 2020 CPE of \$13.93 likely still in Middle Third



Comparison of Future CPEs



CIP FUNDING PLAN AND USE OF PFCS

Sources and Uses of PFCs

| \$000s | 2019 Fcst | 2020 BUD | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | Total Uses |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| SOURCES | | | | | | | | | | | |
| Beginning balance | 89,636 | 10,651 | 19,002 | 10,077 | 10,229 | 10,382 | 10,538 | 10,696 | 10,857 | 11,020 | |
| Collections & interest | 96,055 | 99,467 | 101,104 | 102,462 | 104,000 | 105,563 | 107,148 | 108,757 | 110,391 | 111,496 | |
| Total Available Balance | 185,691 | 110,117 | 120,106 | 112,539 | 114,229 | 115,945 | 117,686 | 119,454 | 121,248 | 122,516 | |
| USES - Debt Service | | | | | | | | | | | |
| PFC Backed Bonds | | | | | | | | | | | |
| #1 Third Runway | 20,128 | 18,768 | 18,766 | 18,770 | 18,769 | - | - | - | - | - | 75,072 |
| Revenue Bonds | | | | | | | | | | | |
| #2 IAF | - | 17,626 | 31,342 | 38,942 | 39,242 | 39,021 | 38,849 | 39,850 | 40,234 | 41,940 | 327,047 |
| #3 Third Runway | 26,449 | 26,412 | 26,067 | 20,695 | 16,949 | 16,950 | 35,163 | 35,164 | 35,162 | 35,161 | 274,170 |
| #4 Conc A, STS, Existing Baggage | 7,351 | 12,800 | 13,354 | 14,776 | 14,777 | 14,715 | 7,038 | 7,036 | 7,035 | 7,034 | 105,917 |
| #5 NSAT | - | 10,510 | 15,501 | 4,127 | 14,110 | 23,628 | 23,629 | 23,627 | 23,629 | 23,403 | 162,164 |
| USES - PAY GO | | | | | | | | | | | |
| IAF | - | - | - | - | - | - | - | - | - | - | - |
| NSAT | 116,112 | - | - | - | - | - | - | - | - | - | 116,112 |
| Airfield/Noise | - | - | - | - | - | - | - | - | - | - | - |
| MT 100% Baggage Screening | - | 5,000 | 5,000 | 5,000 | - | - | - | - | - | - | 15,000 |
| Baggage Optimization C800612 | - | - | - | - | - | - | - | - | - | - | - |
| Other Terminal | - | - | - | - | - | 11,092 | 2,310 | 2,921 | 4,167 | 3,847 | 24,338 |
| Total Uses | 170,040 | 91,115 | 110,029 | 102,310 | 103,847 | 105,407 | 106,990 | 108,597 | 110,228 | 111,385 | 1,099,820 |
| Ending balance | 15,651 | 19,002 | 10,077 | 10,229 | 10,382 | 10,538 | 10,696 | 10,857 | 11,020 | 11,130 | |
| Used for debt service | 32% | 95% | 95% | 95% | 100% | 89% | 98% | 97% | 96% | 97% | |

Funding Plan for International Arrivals Facility (IAF)

| Funding Sources | \$000s | Capital Rate Base | 2020 | 2024 |
|---|----------------|--------------------------|--------------|--------------|
| Cash/ADF ^(a) | 200,000 | Amortization | - | - |
| Revenue Bonds | 631,445 | Debt Service | 17,626 | 44,318 |
| PFCs (paygo) | 100,000 | DS paid w/PFCs | (17,626) | (39,021) |
| Total ^(b) | 931,445 | Net capital costs | 0 | 5,296 |
| Effective percent of PFCs to fund project costs: | | | 78.5% | 70.4% |

(a) \$200M amortization would be excluded from Rate base.

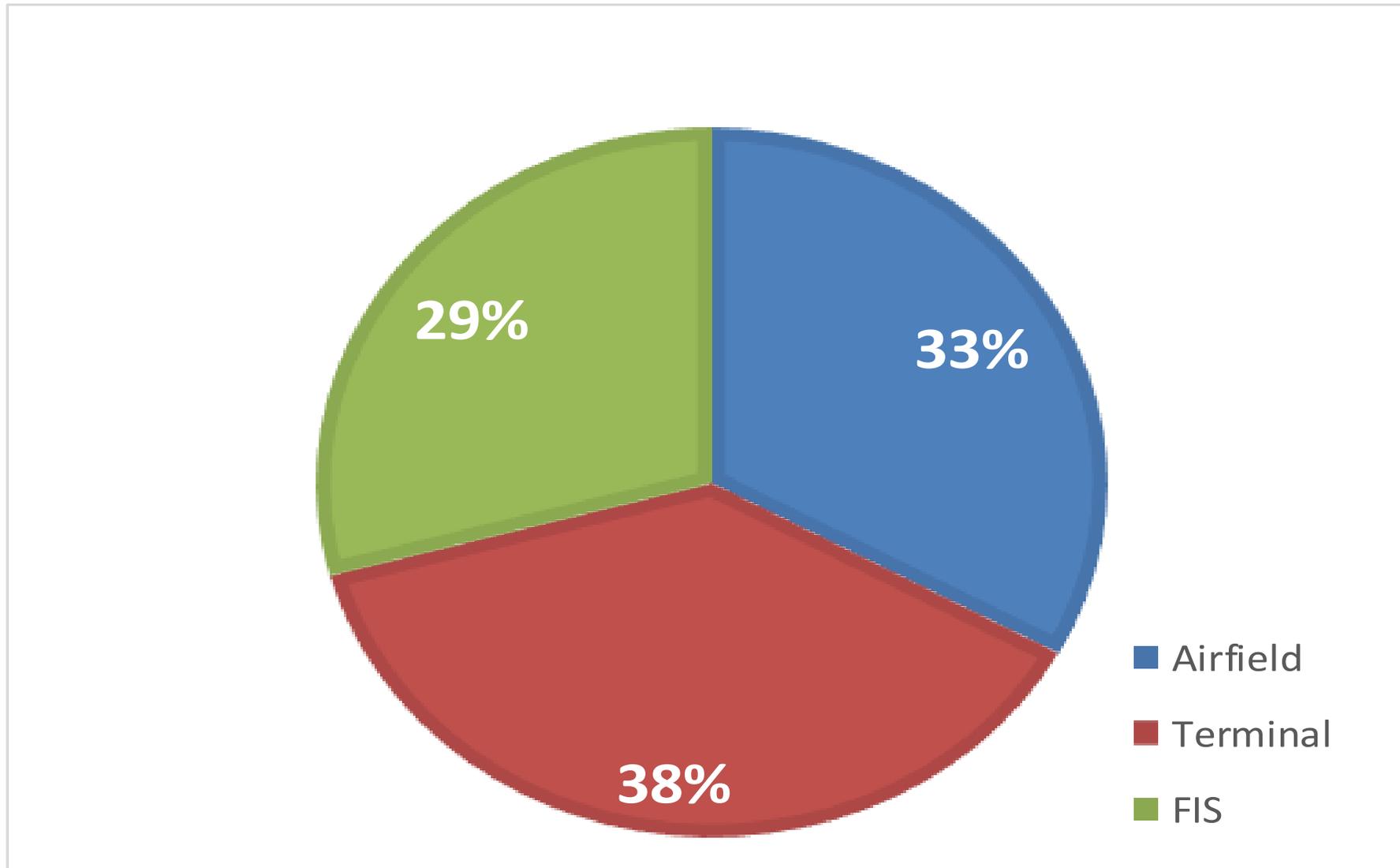
(b) Figure does not include CIP 800836 IAF Baggage \$18.5M + \$5.5M and Public Expense Facial Recognition equipments of \$13M

Funding Plan for North Satellite Building (NSAT)

| Funding Sources | \$000s | Capital Rate Base | 2020 | 2024 |
|---|----------------|--------------------------|--------------|---------------|
| Cash/ADF | 537 | Amortization | 36 | 36 |
| Revenue Bonds | 532,920 | Debt Service | 16,951 | 38,110 |
| PFCs | 126,368 | DS paid w/PFCs | (10,510) | (23,628) |
| Total | 659,825 | Net capital costs | 6,477 | 14,517 |
| Effective percent of PFCs to fund project costs: | | | 69.2% | 69.2% |

- Use of PFCs on NSAT will increase as PFC backed bonds are fully amortized in 2023

Uses of PFCs by Cost Center



Balanced use of PFCs to moderate rates