



Agenda Item: 11b_supp
Meeting Date: October 28, 2025

AVIATION DIVISION 2026 Capital Budget

Commission Proposed Budget Briefing
October 28, 2025

Outline for Aviation Division Presentation

1. Overview of Strategic & Financial Objectives
2. 2026 – 2030 (5-year) Financial Forecast
3. 2026 – 2030 (5-Year) Capital Forecast

Aviation Strategic and Financial Objectives

- **Aviation Division's Strategic and Business Plan Objectives**
 - Level of Service Optimum
 - Top 25 ASQ World Ranking
 - 5-Star Skytrax rating
- **Ensure the airport's five-year financial outlook meets or exceeds the financial performance targets.**
 - 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

2026 – 2030 FINANCIAL FORECAST

2026-2030 Financial Forecast

In \$000's	Budget 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
Aeronautical Revenue	\$ 615,502	\$ 714,959	\$ 770,095	\$ 831,247	\$ 909,745
Non-Aeronautical Revenue without GASB 87 ¹	377,253	379,911	398,501	420,115	445,068
Total Operating Revenue without GASB 87	\$ 992,755	\$ 1,094,870	\$ 1,168,596	\$ 1,251,362	\$ 1,354,813
Lease Income ¹	\$ (9,872)	\$ (9,620)	\$ (9,034)	\$ (8,505)	\$ (7,968)
Total Operating Revenue with GASB 87	\$ 982,883	\$ 1,085,250	\$ 1,159,561	\$ 1,242,857	\$ 1,346,845
Operating Expense	587,035	622,257	659,592	699,168	741,118
Net Operating Income	\$ 395,848	\$ 462,993	\$ 499,969	\$ 543,689	\$ 605,727
Net Non-Operating Income/Expense ³	19,929	12,727	14,095	17,269	20,214
Lease Income ²	9,872	9,620	9,034	8,505	7,968
Lease Expense	(7,897)	(8,303)	(8,474)	(8,664)	(8,856)
CFC Excess	(11,702)	(12,405)	(12,588)	(12,142)	(12,760)
Available for Debt Service	\$ 406,050	\$ 464,632	\$ 502,036	\$ 548,658	\$ 612,294
Gross Debt Service (net of cap i)	\$ 383,437	\$ 437,348	\$ 481,664	\$ 518,491	\$ 584,174
CP Principal & Interest	\$ 2,376	\$ 2,714	\$ 2,714	\$ 2,714	\$ 2,714
CFC Offset	(25,327)	(24,580)	(24,838)	(26,202)	(26,465)
PFC Offset	(100,000)	(100,854)	(104,950)	(104,995)	(112,945)
Net Debt Service	\$ 260,486	\$ 314,629	\$ 354,591	\$ 390,009	\$ 447,480
Net Cash Flow	\$ 145,564	\$ 150,004	\$ 147,446	\$ 158,649	\$ 164,814

¹ 2026 Budget figure was reduced by \$9.8M related to GASB 87 Lease Interest Income

² 2026 Budget figure was increased by \$9.8M related to GASB 87 Lease Interest Income

³ Non-Operating Income/Expense includes ADF interest income, and election expenses.

- Aeronautical revenues forecast higher debt service when projects are completed.
- Consistent non-aero revenue growth but future impacts from tenant turnover and capital projects.
- Average annual net debt service is projected to grow by 18% due to growth in capital expenditures.
- Includes other divisions' projects funded by the airport

2026-2030 Non-Aero Revenue Forecast

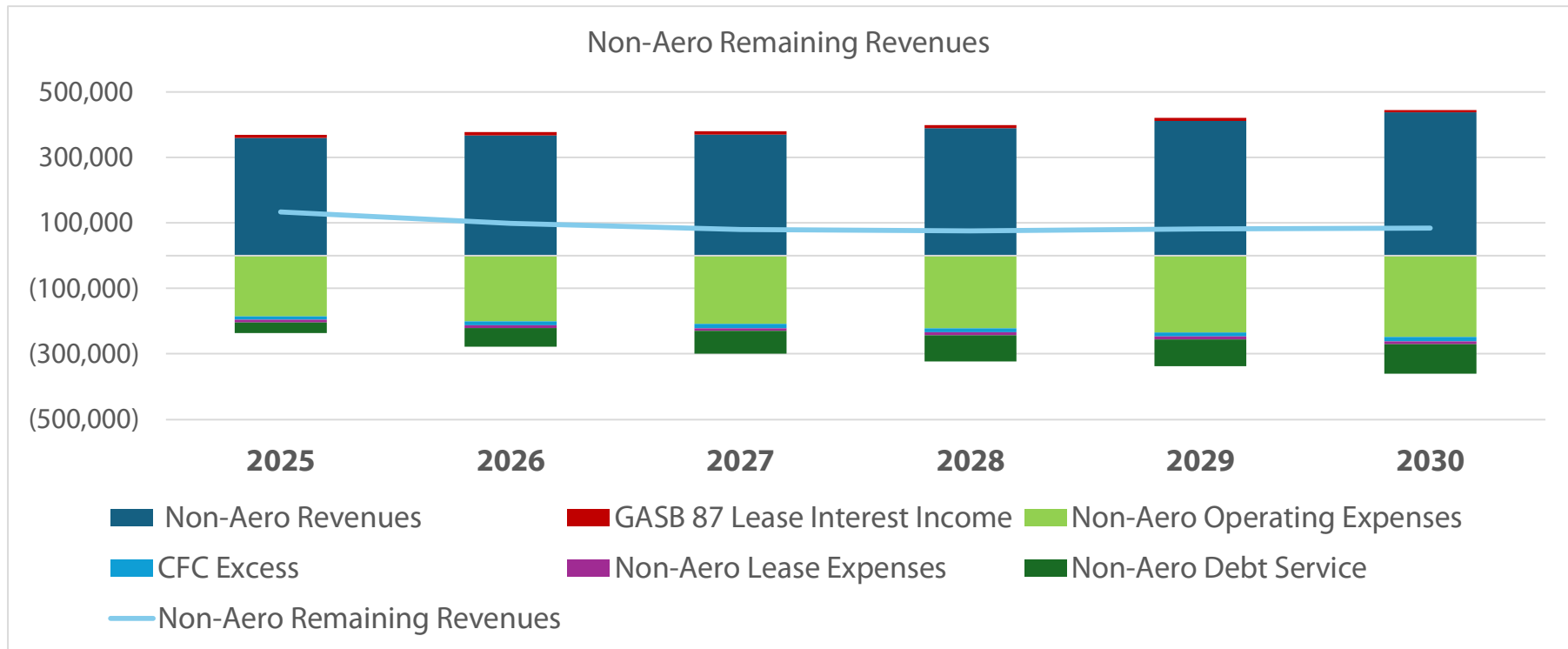
	Forecast 2025	Budget 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
Non-Aero Revenues						
Public Parking	116,403	114,531	118,139	122,014	125,934	129,980
Employee Parking includes TMA	12,892	14,856	16,390	18,142	19,981	22,212
Rental Car ¹	68,153	69,549	72,222	73,792	75,209	77,765
Ground Transportation	24,578	24,896	24,834	25,250	25,668	26,134
Concessions ¹	72,799	78,369	71,959	80,166	92,047	95,406
Tenant Marketing	0	503	2,086	2,168	2,252	2,340
Commercial Properties ¹	22,921	24,505	27,721	28,376	28,956	29,662
International Place Office	12,420	14,484	14,884	15,622	15,742	16,058
Non-Airline Terminal Leased Space ¹	8,294	8,249	7,966	8,166	8,372	8,583
Club International Lounge	19,039	16,153	10,687	11,092	11,513	21,693
Utilities	10,838	10,551	12,349	12,993	13,675	14,396
Airport Conference	200	228	250	275	300	350
Service Orgs	381	381	423	445	467	490
Total Non-aero Revenues without GASB 87	368,916	377,253	379,911	398,501	420,115	445,068
Lease Interest Income ²	(9,743)	(9,872)	(9,620)	(9,034)	(8,505)	(7,968)
Total Non-Aero Revenues with GASB 87	359,174	367,381	370,291	389,466	411,610	437,100
Non-Aero Operating Expenses	(185,207)	(200,764)	(208,832)	(221,361)	(234,643)	(248,722)
Non-Aero Net Income	173,967	166,617	161,459	168,105	176,967	188,378
Less: CFC Excess	(10,665)	(11,896)	(12,405)	(12,588)	(12,142)	(12,760)
Non-Aero Debt Service	(32,849)	(57,208)	(70,281)	(81,134)	(82,575)	(90,454)
Non-Aero CP Debt Service	509	(126)	129	129	129	129
Lease Expenses	(7,938)	(7,938)	(8,166)	(8,389)	(8,619)	(8,856)
Lease Interest Income ²	9,743	9,872	9,620	9,034	8,505	7,968
Total Non-aero Other Costs and Income	(41,200)	(67,295)	(81,102)	(92,948)	(94,702)	(103,973)
Non-Aero Remaining Revenues	\$ 132,767	\$ 99,321	\$ 80,357	\$ 75,157	\$ 82,265	\$ 84,405

¹ Excludes GASB 87 revenues classified in non-operating revenues.

² Lease Interest Income budget as non-operating account.

YOY Revenues with GASB growth	3.1%	2.3%	0.8%	5.2%	5.7%	6.2%
YOY Expense growth	13.4%	8.4%	4.0%	6.0%	6.0%	6.0%
YOY Non-aero Other Costs and Income	-19%	63%	21%	15%	2%	10%
YOY Non-aero Remaining Revenues	-0.7%	-25.2%	-19.1%	-6.5%	9.5%	2.6%

Decline of Remaining Non-Aero Revenues



2026–2030 Financial Forecast Assumptions

Forecast Assumptions:	2026 Budget	2027	2028	2029	2030
Base O&M growth	6.0%	6.0%	6.0%	6.0%	6.0%
Expenditure Growth ¹	4.4%	6.0%	6.0%	6.0%	6.0%
Enplanement growth	1.7%	1.8%	0.8%	0.8%	0.8%
Capital Expenditures (\$ in millions) ²	852	993	849	621	439
Non-airline revenue growth	-0.4%	3.4%	4.9%	5.4%	5.9%
Bond Interest Rate	5.25%	5.25%	5.25%	5.25%	5.25%
Amortization Rate	4.3%	3.5%	3.5%	3.5%	3.5%
Interest Earnings Rate	3.3%	2.0%	2.0%	2.0%	2.0%
Debt Service (\$ in millions)					

¹ Expenditure growth includes allocation from Central Services

² Capital Expenditures include public expenses, airport funded corporate and EDD capital projects

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

2026-2030 Financial Forecast Metrics

	Budget 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
Key Measures					
Debt Service Coverage	1.56	1.48	1.42	1.41	1.37
ADF Balance - Months of O&M	18	18	18	18	18
CPE	\$ 21.11	\$ 24.31	\$ 26.06	\$ 27.91	\$ 30.40
O&M per Enplaned Passenger	\$ 21.72	\$ 22.61	\$ 23.78	\$ 25.01	\$ 26.30
Debt per Originating Passenger	\$ 236	\$ 268	\$ 293	\$ 308	\$ 312
<i>PFC fund balance (in \$000's)</i>	\$ 55,572	\$ 60,200	\$ 61,616	\$ 63,849	\$ 32,007
<i>CFC fund balance (in \$000's)</i>	\$ 50,272	\$ 49,323	\$ 51,687	\$ 61,134	\$ 32,518
<i>New Debt Service (in \$000's)</i>	\$ 27,840	\$ 76,850	\$ 126,934	\$ 174,447	\$ 209,695
<i>Capital Spending (in \$000's)</i>	\$ 852,371	\$ 993,458	\$ 849,302	\$ 621,320	\$ 438,924
<i>Capital Spending ADF (in \$000's)</i>	\$ 103,765	\$ 97,350	\$ 91,200	\$ 98,972	\$ 102,195
Activity					
Enplaned Passengers(000's)	27,031	27,517	27,737	27,959	28,182
Enplanement Growth Rate	1.7%	1.8%	0.8%	0.8%	0.8%

- Debt service coverage decreases between 1.35x and 1.37x in 2030-2032 and will increase to 1.40x in 2033.
- Debt Service Coverage is based on the Airport only calculation per Signatory Lease Operating Agreement (SLOA).

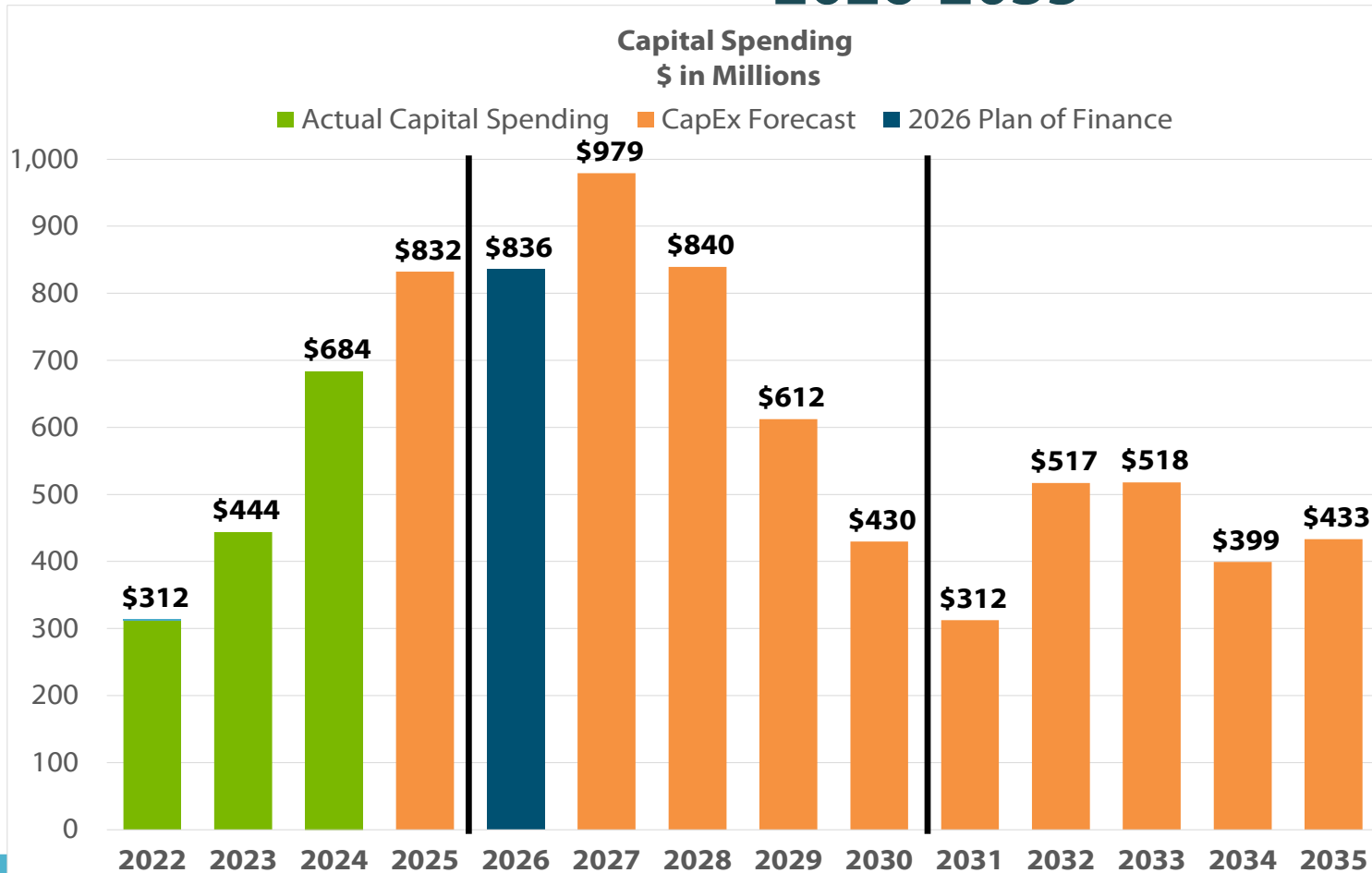
ADF = Airport Development Fund
CFC = Customer Facility Charge

CPE = Cost Per Enplanement
O&M = Operating & Maintenance

PFC = Passenger Facility Charge

2026 – 2030 CAPITAL FORECAST

\$5.9B AV Capital Program over 10 Years 2026-2035



- **\$5.9B AV CIP Spending**
 - \$3.7B CIP spending forecast in first 5-year (2026-2030) period
 - \$2.2B CIP spending forecast in second 5-year (2031-2035) period
- **\$300M CIP reduction in 2026 POF versus 2025 POF**
 - 2026 POF CIP is \$6B over 10 years compared to \$6.3B over the same 10 years in the 2025 POF CIP
- Around 66% of first 5-year capital spending is from Mega projects with a budget of \$300M or more
- 10-year forecast includes \$290M for Sustainable Airport Master Plan (SAMP) Preliminary Planning & Design

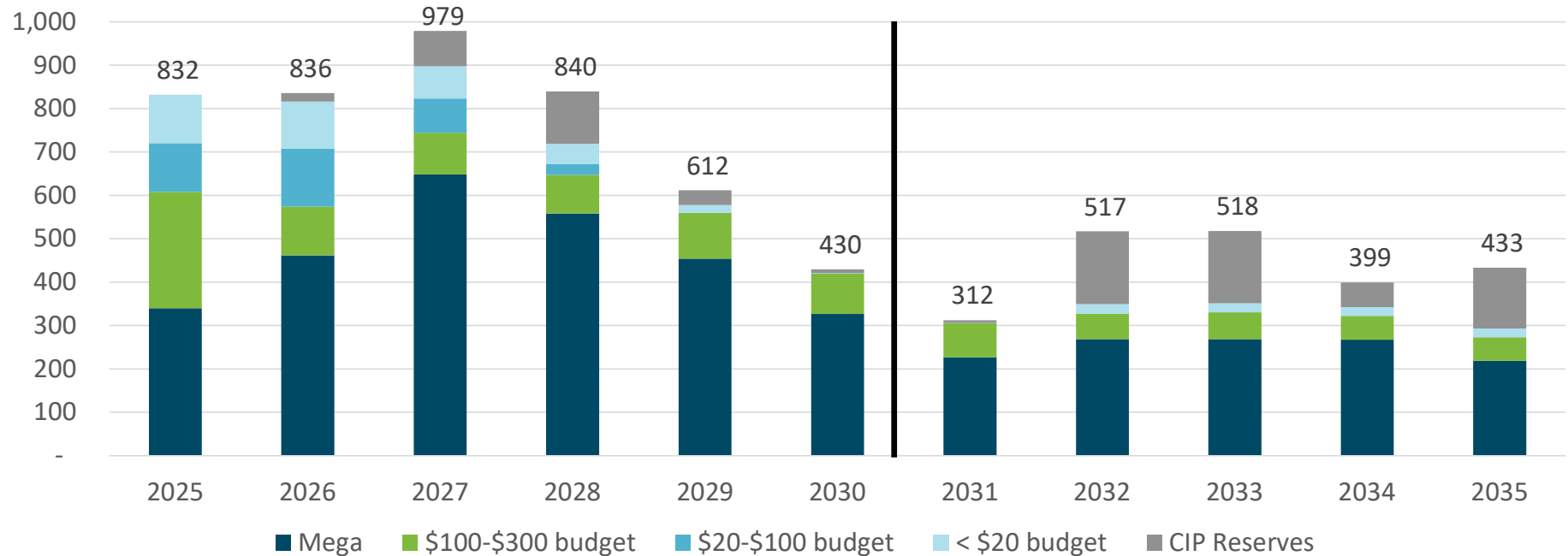
2026 – 2030 Capital Project Forecast Summary

	Cash Flows (Figures in \$000s)						
	2025	2026	2027	2028	2029	2030	2026 - 30 TOTAL
Mega Projects							
S Concourse Evolution	39,529	137,762	278,951	211,427	218,638	218,638	1,065,415
Baggage Optimization	14,551	120,752	160,897	163,553	103,907	33,452	582,561
2026-2030 Airfield Pavement Program	5,400	71,507	76,662	82,937	81,666	74,320	387,093
Main Terminal Improvement	526	836	100,000	100,000	50,000	-	250,836
C Concourse Expansion	129,188	119,813	11,568	-	-	-	131,381
SEA Gateway	150,483	96,470	20,327	-	-	-	116,797
Subtotal - Mega Projects	339,677	547,140	648,404	557,917	454,210	326,410	2,534,082
Other Capital Projects	485,383	393,359	243,986	123,837	86,138	59,115	906,436
SAMP Preliminary Planning / Design	7	-	3,494	37,418	37,514	35,203	113,629
Proposed New Projects	6,837	8,673	1,560	58	-	-	10,291
CIPs Reserves	-	24,758	26,499	37,457	34,157	8,819	131,690
Subtotal	492,227	426,790	275,540	198,770	157,809	103,137	1,162,046
CIP Cashflow Adj Reserve	-	(138,044)	55,217	82,826	-	-	0
Total Proposed CIP	831,904	835,887	979,162	839,513	612,019	429,546	3,696,127

- 2026 capital spending has been reduced by \$138M CIP Cashflow Adjustment and moved to 2027 and 2028. CIP Cashflow Adjustment was implemented to adjust CIP cashflows to better reflect expected project spending trends in aggregate. This adjustment affects the timing of spending only.

Mega Projects Drive Capital Program

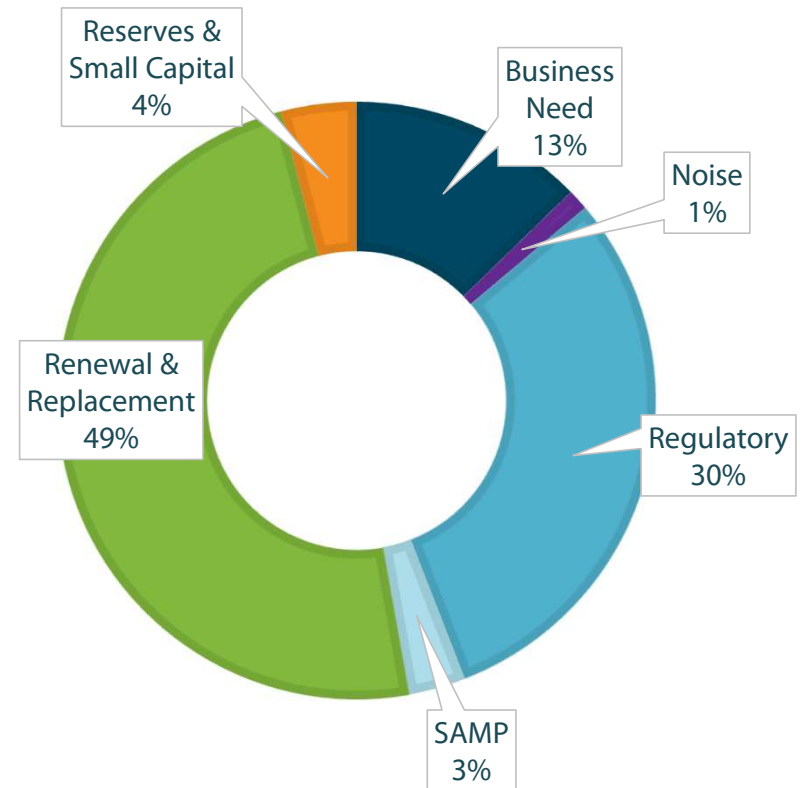
\$ in Millions



- **Total 2026-2030 mega projects of \$2.5B** include Baggage Optimization, C Concourse, SEA Gateway, S Concourse Evolution and Airfield Pavement, and Main Terminal Renovation
- 10-year CIP Reserves of \$670M
- Spending forecast includes Sustainable Airport Master Plan Preliminary Planning & Design for \$114M
- Excludes other divisions' projects funded by the airport

2026 – 2030 Capital Forecast

Category	Number of Projects*	Total 5-year Cash Flow*
Regulatory & Contractual	18	\$1.1B
Renewal & Replacement	57	\$1.8B
Business Needs	32	\$470M
Noise	4	\$42M
SAMP Design Pre-approval in SLOA Agreement	1	\$114M
Reserves & Small Capital	7	\$151M
TOTAL	119	\$3.7B



*Excludes other divisions' projects funded by the airport

Summary of Proposed New Projects

Justification	Category	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)						2026-2030 Total	Total Cashflows
					2025	2026	2027	2028	2029	2030		
Asset Stewardship	Renewal Replacement	C802126	PC AHU Replacement	4,065	160	3,500	405	-	-	-	3,905	4,065
Asset Stewardship	Renewal Replacement	C802123	Checkpoint Security Grill	2,700	150	1,337	1,155	58	-	-	2,550	2,700
Business Need	Business Need	C802119	Master Park Landlord Improv	1,800	1,465	335	-	-	-	-	335	1,800
Asset Stewardship	Renewal Replacement	C802130	BRITE Replace 16L 16R	1,800	800	1,000	-	-	-	-	1,000	1,800
Asset Stewardship	Renewal Replacement	C802127	Pumphouse Valve & Vent Replace	1,700	160	1,540	-	-	-	-	1,540	1,700
Asset Stewardship	Renewal Replacement	C802114	Employee Parking Lot C improve	1,300	726	573	-	-	-	-	573	1,299
Asset Stewardship	Renewal Replacement	C802115	Rubber Removal Truck	1,150	1,150	-	-	-	-	-	-	1,150
Asset Stewardship	Renewal Replacement	C802113	Toll Plaza Drain Channel Repla	776	568	208	-	-	-	-	208	776
Asset Stewardship	Renewal Replacement	C802128	Parking Garage Dry Standpipe	500	500	-	-	-	-	-	-	500
Asset Stewardship	Renewal Replacement	C802122	Access Control Mezzanine Doors	489	489	-	-	-	-	-	-	489
Business Need	Business Need	C802117	JetBlue Zone 2 Ticketing CUSE	359	180	180	-	-	-	-	180	360
Asset Stewardship	Renewal Replacement	C802120	Swale Pond Improvement	350	350	-	-	-	-	-	-	350
Total				16,989	6,698	8,673	1,560	58	-	-	10,291	16,989

BRITE = LED in-pavement runway guard lights for RWY 16L and 16R
CUSE = Common Use Systems Equipment

PC AHU = Pre-Conditioned Air Handling Unit

Aviation 2026-2030 Capital Budget Key Takeaways

Financial Forecast

- Consistent non-aero revenue growth but future revenue impacts from tenant turnover and capital projects
- Debt service coverage at 1.56x in 2026
- 6% O&M growth rate starting in 2027
- 18 months of O&M cash on hand in 2026
- CPE forecast for 2026 is \$21.10

Capital Forecast

- \$3.7B capital spending over the next five years
- 12 new capital projects totaling \$10.3M in spending over the next five years

QUESTIONS?

APPENDIX

5-year Forecast Landing Fee, FIS Fee, Apron Fee and Terminal Rate

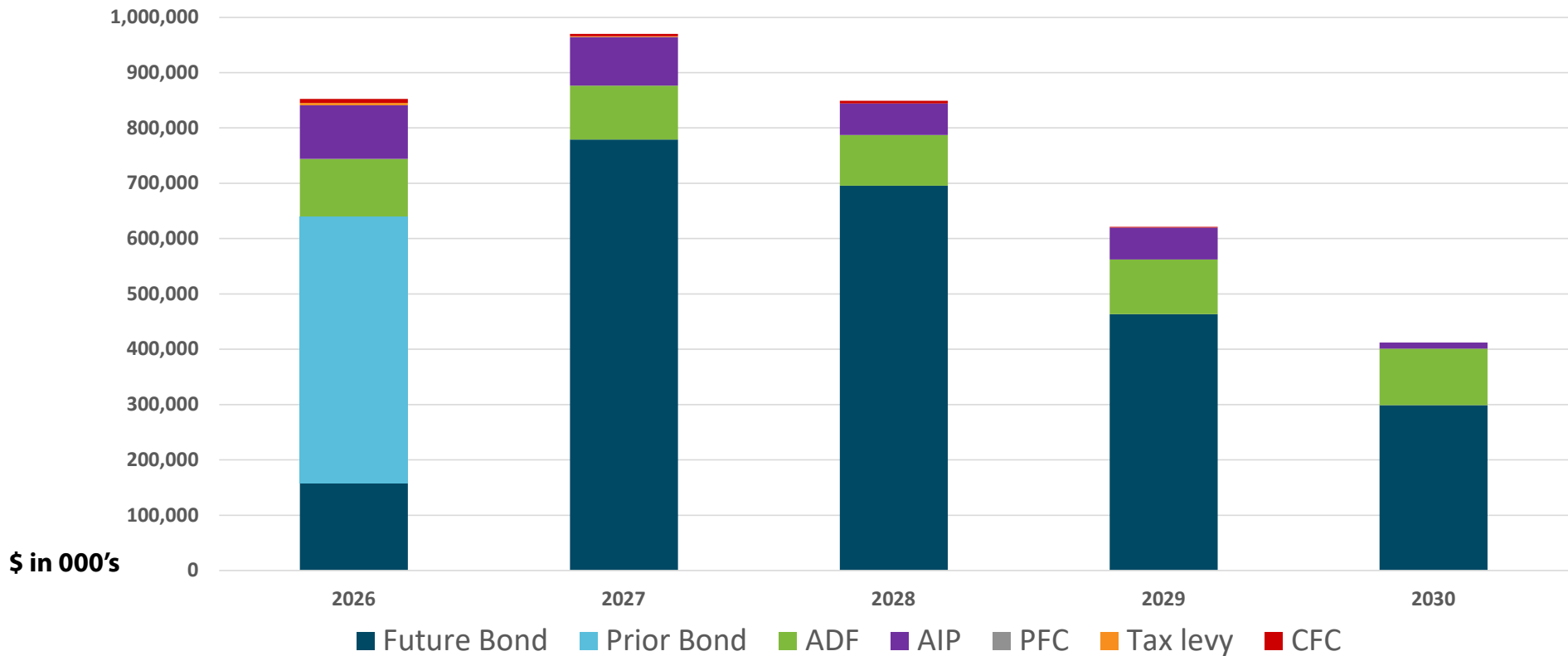
	Actual 2024	Budget 2025	Budget 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
Landing Fee	\$ 5.27	\$ 4.89	\$ 5.15	\$ 5.41	\$ 5.61	\$ 5.89	\$ 6.38
FIS Fee	\$ 16.15	\$ 17.05	\$ 16.28	\$ 15.08	\$ 15.40	\$ 16.51	\$ 17.93
Apron Fee	\$ 0.69	\$ 0.80	\$ 0.83	\$ 1.01	\$ 1.05	\$ 1.17	\$ 1.29
Terminal Rate	\$ 157.90	\$ 151.54	\$ 167.69	\$ 198.48	\$ 216.68	\$ 231.52	\$ 253.50

2026-2030 PFC Forecast

	Budget 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
Available PFCs to Spend					
Beginning Balance	\$ 51,031,638	\$ 55,572,317	\$ 60,199,644	\$ 61,616,368	\$ 63,848,943
Collections	\$ 102,053,053	\$ 103,886,593	\$ 104,717,687	\$ 105,555,427	\$ 106,399,871
Interest income	2,487,626	1,594,589	1,649,173	1,671,718	1,702,488
PFC Revenues	\$ 104,540,679	\$ 105,481,182	\$ 106,366,860	\$ 107,227,145	\$ 108,102,359
Available PFC Revenues	\$ 155,572,317	\$ 161,053,499	\$ 166,566,504	\$ 168,843,513	\$ 171,951,301
Interest income rate	3.25%	2.00%	2.00%	2.00%	2.00%
PFC - USAGE					
<u>Revenue Bond DS Offset:</u>					
Third Runway	\$ 31,029,619	\$ 31,027,282	\$ 31,025,321	\$ 31,023,868	\$ 40,137,624
Baggage - Existing	-	-	-	-	-
STS/STEP	5,191,571	5,208,447	5,196,651	5,179,368	4,254,360
IAF	31,440,223	33,593,239	37,950,162	38,194,412	37,956,642
NSAT - Building	26,305,546	24,991,211	24,797,458	24,654,412	24,653,844
NSAT - Apron	3,493,041	3,493,676	3,440,544	3,402,510	3,402,221
NSAT - PLB	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000
NSAT - GUTL	990,000	990,000	990,000	990,000	990,000
Future Project	-	-	-	-	-
Total (B)	\$ 100,000,000	\$ 100,853,854	\$ 104,950,136	\$ 104,994,570	\$ 112,944,690
<u>Pay-Go PFC spending:</u>					
Total Pay-Go PFC spending (C)	\$ -	\$ -	\$ -	\$ -	\$ 27,000,000
Total PFC Usage (A+B+C)	\$ 100,000,000	\$ 100,853,854	\$ 104,950,136	\$ 104,994,570	\$ 139,944,690
Ending Balance	\$ 55,572,317	\$ 60,199,644	\$ 61,616,368	\$ 63,848,943	\$ 32,006,611

- \$100M of PFC funds budgeted in 2026 for debt service offset
- \$56M year end balance forecasted in 2026
- Future application will spend down the balance for Pay-Go

2026 – 2030 Capital Funding Plan



Includes CIPs from Central Services and other divisions of \$59M

ADF = Airport Development Fund
AIP = Airport Improvement Plan

CFC = Customer Facility Charge
CIP = Capital Improvement Plan

PFC = Passenger Facility Charge

Proposed New Project Descriptions

- **PC AHU Replacement:** 16 PC Air Handling Units (AHUs) have burst heating coils. These units provides heating from Central Mechanical Plant (CMP) so pilots do not use jet-fuel powered aircraft auxiliary power units.
- **Checkpoint Security Grill:** Checkpoint 4 security gate has had repeated maintenance issues, causing injuries to staff.
- **Master Park Landlord Improvement:** Reimburse Master Park for pre-possession improvements.
- **BRITE Replacement 16L & 16R:** Project will purchase the materials needed for the autonomous LED in-pavement runway guard lights for RWY 16L and 16R.
- **Pumphouse Valve & Vent:** Four pump valves need to be replaced immediately to comply with NFPA-25 code churn testing and prevent potential fines.
- **Employee Parking Lot C Improvement:** Per lease agreement, this project will complete tasks that were not part of the property owner's responsibilities to have the site operational for employee parking.
- **Rubber Removal Truck Purchase:** Purchase one rubber removal truck to remove rubber that accumulates from plane landing. Rubber removal helps with operations as it reduces friction of the runways.

Proposed New Project Descriptions (cont'd)

- **Toll Plaza Drainage Replacement**: This project will replace two channel drains at the Toll Plaza exit booths that have been deteriorating, sections of which have already failed.
- **Parking Garage Dry Standpipe**: Replace two (2) and modify three (3) dry fire suppression standpipe systems located within the parking garage, ensuring full compliance with NFPA-25 standards.
- **Access Control on Mezzanine Doors**: This project will install access control and cameras for three sets of doors on the mezzanine level of the Main Terminal. This project aims to prevent unauthorized access.
- **JetBlue Zone 2 Ticketing CUSE**: Per SLOA Renewal, JetBlue does not qualify for Preferential Gate. This project will replace the JetBlue preferential ticket counters in Zone 2 ticketing with Port-standard CUSE ticket counters and equipment.
- **Swale Pond Improvement**: Stormwater quality treatment improvement required to meet the NPDES permit with the WA DOE for the Swale ponds.



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: \$400M

Schedule: Q2 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 – Q4 2025
(Bridge/Promenade & Baggage Claim)
- **Phase B Construction:** Q3 2023 – Q3 2026
(Ticketing, Mezzanine & Checkpoint 5)

Phase A – Construction 90%



Phase B – Construction 70%



100% Construction Complete



Concourse A Building Expansion for Lounges Project

Scope: Tenant Reimbursement Agreement project with Delta Air Lines to design and construct a building addition at the end of the A Concourse that will house a new Delta Sky Club, a new Delta One lounge, and an expanded shared-use lounge Club @ SEA.

Authorized Project Budget: \$142.6M

Schedule: Q2 2021 – Q3 2025

Construction Q3 2022 – Q3 2025
TCO – 6/17/2025

60% Design In Progress



S Concourse Evolution

Scope: This project will seismically and structurally strengthen the South Concourse, 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: \$1.9B - \$2.5B

Schedule: Q4 2021 – TBD

Design Begin Q3 2023

Construction NTP Q3 2025

Substantial Completion TBD

FIS = Federal Inspection Services (US Customs)
NTP = Notice to Proceed

SEA = Seattle-Tacoma International Airport
SSAT = South Satellite



Main Terminal Improvements Program

**Targeted Estimated Program Budget:
\$400M**

Current Scope: Includes limited infrastructure work, replacement, update, and addition of building life safety systems and associated architectural elements in the Main Terminal of SEA.

Program Schedule TBD



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: \$46M- \$72M

Schedule: Q3 2024 – Q4 2027

In TRA negotiations until Q4 2025
Design Completion Q1 2027
Construction Q1 2027– Q2 2028