Item No.	8d_supp
Date of Meeting	October 28, 2025

Building 161E Renovation Construction Authorization

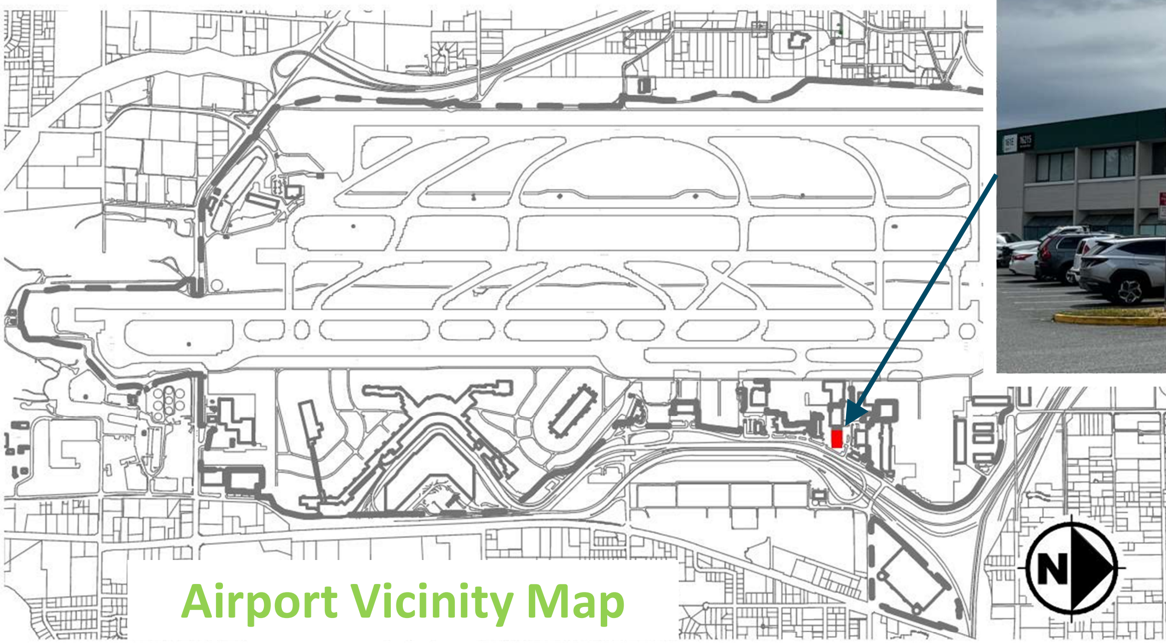
October 28, 2025

Commission Meeting

SEA Cargo Program

1. SEA is the Pacific Northwest region's major hub for air cargo
2. In 2024, more than 460,000 metric tons of air cargo moved through SEA, including international commodities valued in excess of $26 billion
3. 14 cargo facilities at SEA total approximately 425,000 square feet, mostly built between the 1970s and 1990s, and are at 100% occupancy
4. Many of the cargo buildings are older and have outdated building systems that are beyond their expected lifecycles

Project Location



Airport Vicinity Map

161E

Project Scope

Building upgrades include:

1. Replacing warehouse and office heating and cooling systems with higher efficiency system
2. Replacing underperforming and failing windows, skylights, and doors
3. Upgrading existing lighting to LED fixtures
4. Improving restroom fixtures and finishes
5. Installing a means to control access to the building, and
6. Providing a new fire alarm panel and alarm devices

Existing Conditions

1. Building systems (heating and cooling, electrical, fire protection, controls) are past useful life.
2. Windows, skylights, and doors are underperforming relative to current energy standards or failing due to age and condition.
3. Restroom fixtures and surfaces are aging, appearing unhygienic and outdated.

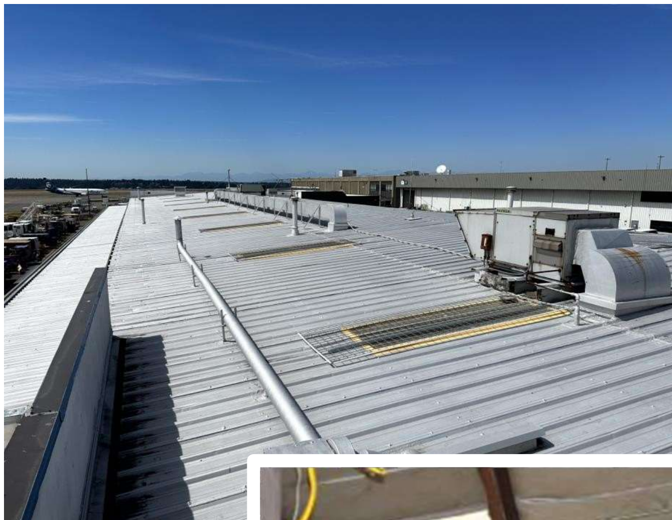
Existing Conditions

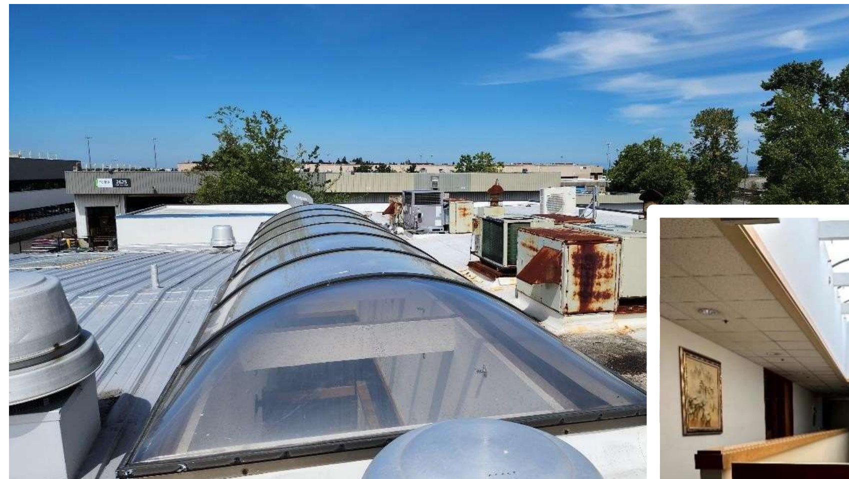
Heating and Cooling System

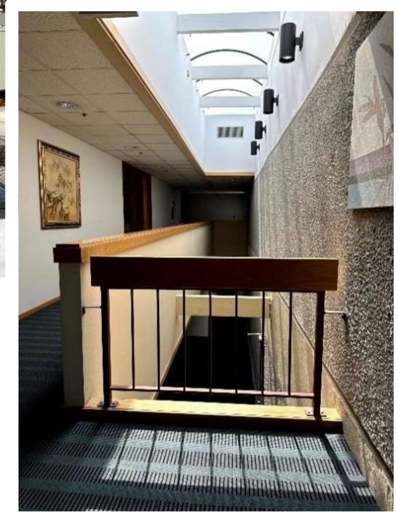
Exceeded Service Life

Natural Gas

Existing Conditions







Aging Skylights
Leak Water and Heat

Existing Conditions

1980 Windows
50%
Less Efficient
than today's models

Existing Conditions

Restroom Fixtures and Surfaces
Unhygienic
Water Wasting Fixtures

Inefficient or Broken Water Heaters

Project Cost and Schedule

Cost Breakdown

	This Request	Total Project
Design Phase	0	$3,098,000
Construction Phase	$10,891,000	$10,891,000
Total	$10,891,000	$13,989,000

Schedule

Construction Start: Q2 2026

Project in Use: Q3 2027

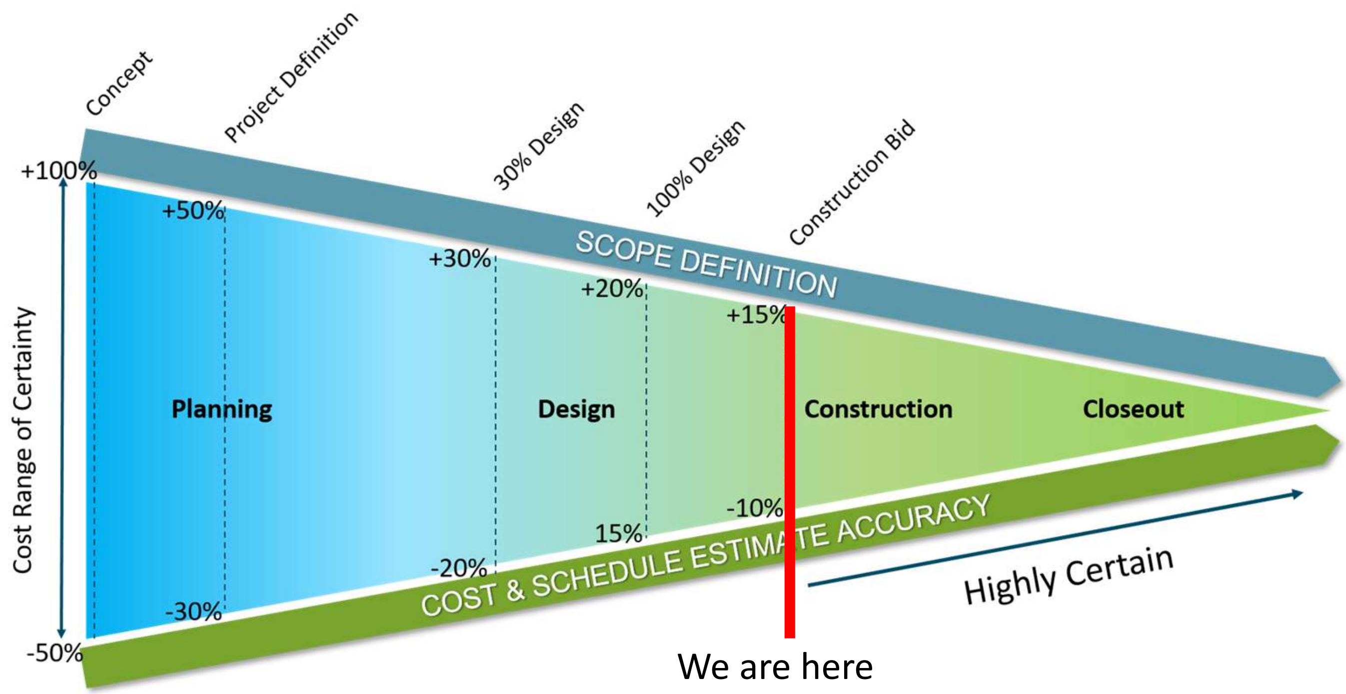
Financial Analysis

Project cost for analysis	**$13,989,000**
Business Unit (BU)	**Airfield Commercial Cargo**
Effect on business performance (NOI after depreciation)	**NOI after depreciation will increase**
IRR/NPV (if relevant)	**NPV $(1.0M)** **NOI after debt service will be negative between ($293K and $10K) during 2028-2037.** **NOI after debt service becomes positive in year 13 (2038).**
CPE Impact	**N/A**

Assumptions:

- 30 years analysis as that is estimated asset useful life.
- The building is leased, and it generates about $750K annual lease revenue.
- The base case is that the building won't be leased to the tenants due to its condition.
- 7.6% discount rate based on risk scoring.
- Annual debt service is around $1.2M based on 5.25% interest rate.
- 3% annual rent increase due to inflation and additional 10% annual market rent increase attributable to renovation. Business & Properties will need to confirm with tenants to make sure this is acceptable.

Project Cone of Certainty



Questions?