

Item No. 11a_supp
Meeting Date: May 26, 2026



Seattle-Tacoma International Airport Child Care Facility Feasibility Study

Agenda



- Approach to Evaluating Child Care Feasibility at SEA
- What Peer Airports Show is Possible
- What We Heard from SEA Employees and Employers
- Ongoing Affordability Model and Funding Approach
- Real Estate Site Options
- Next Steps

A Child Care Center at SEA is Feasible

– With Significant Investment



Child Care Challenges Affect SEA Workforce and Operations

- Airport employees face **limited access to reliable, affordable child care**, especially for nonstandard hours
- Gaps **reduce workforce reliability and impact operations** across SEA (retention, recruitment, attendance, productivity)



Opportunity to Address Gaps With Child Care Center

- A dedicated center can **align care with airport workforce needs** (hours, location, affordability)
- This coordinated approach can **support employees while strengthening airport operations**
- Peer airports have **successfully implemented** similar models and **offer proven lessons** on what works



What Makes a Child Care Center Feasible

- Sustained **airport investment combined with a diverse mix of funding sources** can help ensure long-term sustainability
- Potential **partnerships also offer opportunities** to strengthen the center's financial viability

Work to Date Has Yielded Actionable Insights to Inform SEA's Path Forward

- ✓ Assessed the child care landscape around SEA, including provider capacity and affordability gaps
- ✓ Launched and analyzed an employee survey to identify workforce child care needs
- ✓ Benchmarked peer airport models (LAWA, PIT, PHX, SFO), including site visits to SFO and PIT
- ✓ Designed a test fit for STOC - a Port-owned office building across the street from SEA - as a potential site and started exploring additional locations for review
- ✓ Developed enrollment and sizing scenarios to inform financial and operational planning
- ✓ Engaged stakeholders across the ecosystem to validate needs and operating considerations

Together, these efforts are shaping key decisions on the feasibility and design of a child care center at SEA.

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Peer Airport Benchmarks Share Common Themes Around Enrollment and Funding

Airport	Capacity	# Badged Employees	Population Served	Capital Funding	Operational Funding	Tuition
Los Angeles (LAX) <i>Since 1998</i>	90	50K	<ul style="list-style-type: none"> LAWA and LAX employees (~30%) Community 	<ul style="list-style-type: none"> Owned land and constructed center (~\$4.3M) 	<ul style="list-style-type: none"> Free rent 	<ul style="list-style-type: none"> LAWA: 20% discount LAX: 10% discount Hoping to provide ~\$400 subsidy per employee
Phoenix (PHX) <i>Est. 2026/27</i>	~100 (estimated)	47K	<ul style="list-style-type: none"> Badged employees Community if spots remain 	<ul style="list-style-type: none"> ~\$3M for shell (airport revenue) ~\$3M for improvements (AARP funding) 	<ul style="list-style-type: none"> Rent starts in year 6 at ~\$10-11/sq. ft. Operator manages finances 	<ul style="list-style-type: none"> 10% discount
San Francisco (SFO) <i>Since 1993</i>	161	45K	<ul style="list-style-type: none"> Airport-based employees (~30%) San Mateo County (SMC) employees Community 	<ul style="list-style-type: none"> SFO acquired facility and donated to SMC via eminent domain 	<ul style="list-style-type: none"> \$7M over five years for subsidies, tuition offsets, meals, and extended hours 	<ul style="list-style-type: none"> Employees qualifying for public subsidies: Operator covers difference Employees not qualifying: Receive 10%+ discount depending on income
Pittsburgh (PIT) <i>Since 2023</i>	54	7K	<ul style="list-style-type: none"> All badged employees 	<ul style="list-style-type: none"> Owned land and Constructed center 	<ul style="list-style-type: none"> Free rent ~\$175K annual management fee 	<ul style="list-style-type: none"> 20% below market rate Accepts PA subsidy

SFO and PIT Visits Illustrated Different Approaches to Child Care Center Model



	SFO (Co-investment Model)	PIT (Airport-led Operator Model)
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Differences

Structure	Tri-party model between SFO, San Mateo County, and Palcare	Direct contract between PIT and La Petite Academy
Airport Investment	~\$1.4M annual investment	~\$175K annual management fee + free rent
Employee Cost Model	State subsidy + airport-funded sliding-scale subsidies and discounts	State subsidy + 20% below market rate tuition

Similarities

Both **use airport revenue** to invest in child care operations (PIT uses primarily non-aero revenue, SFO uses aero revenue).

Both **enroll (or are planning to enroll) community families** to fill remaining enrollment beyond their airport workforce.

Both **prioritize affordability of care to airport workforce** via state and federal subsidies and airport-funded discounts.

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Employee Survey Highlighted Child Care Demand and Needs

Due to limited sample size, findings should be interpreted directionally.

Survey Participation

Of 740 survey respondents, **104 respondents (14%) reported having children under 5 or anticipating a child care need** over the next year.

Demand and Interest

Of the 104 respondents with a child care need, 53 respondents (51%) shared additional details on their child care needs and **indicated interest in enrolling 75 children overall.**

Affordability Needs

Nearly **40% of the 53 respondents report household incomes under \$61K**, and survey responses across income levels indicate **limited willingness to pay above ~\$1,500 per month** for full-time care.

Hours and Commute

Employees strongly **prefer extended-hour care** and are **sensitive to adding more than 10 minutes to their commute.**

Impact to Workforce

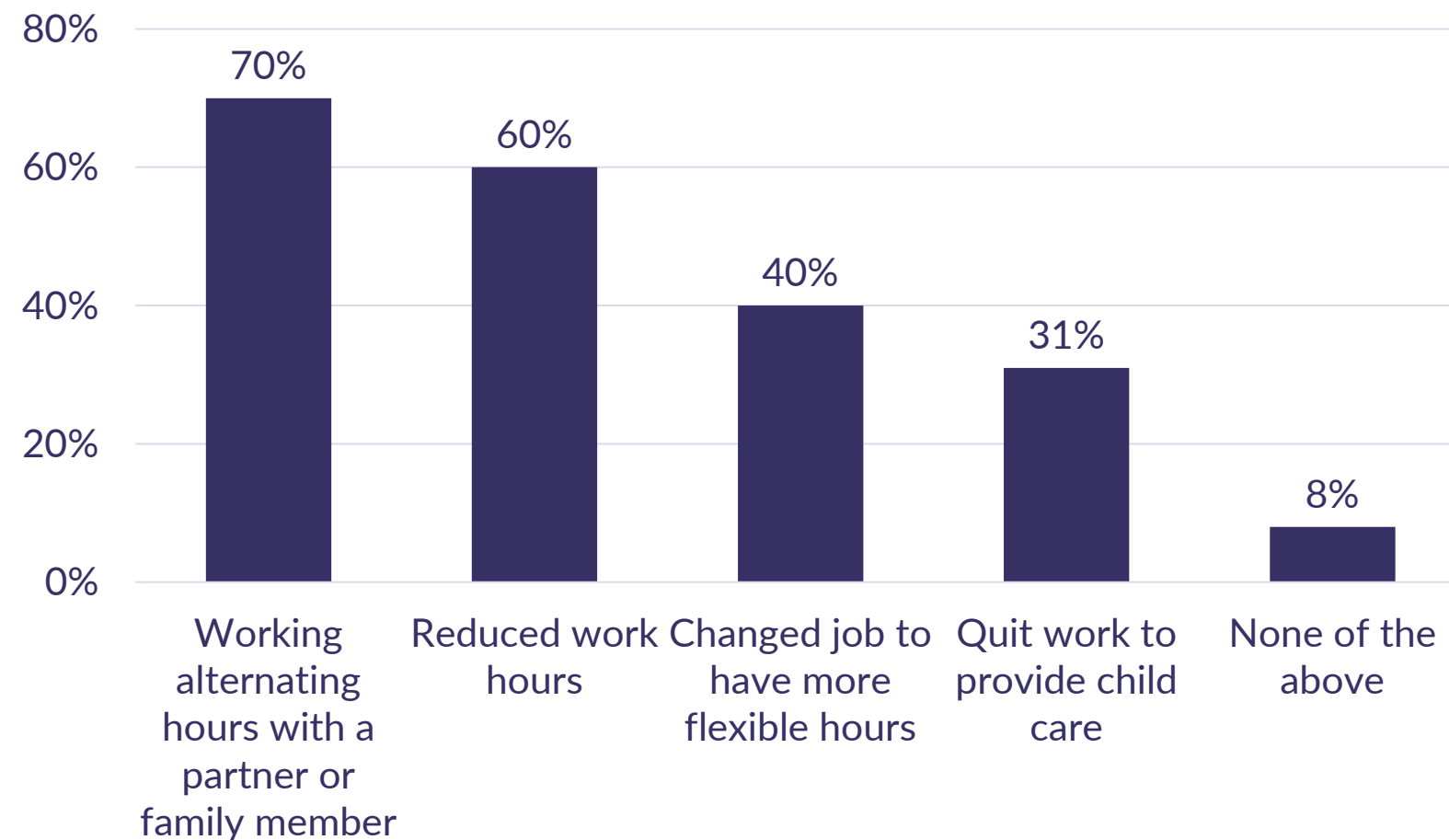
110 (15%) of the 740 respondents **reported having stress related to child care** cost and/or access.

Source: 2026 SEA Employee Survey (N=740)

SEA Employees Report Job Changes Due to Child Care Needs

Employees report changing or decreasing work hours and leaving their jobs due to child care issues

Percent of respondents who made changes to their employment due to child care challenges



Employees describe having to quit due to the accessibility and affordability burden of child care

*“Not having child care has put me in a position a lot of times to **decide if I should quit my job.** I’ve been in this airport for 20 years and this place has become my second home. I do not want to work anywhere else, and I hope that one day the PoS would invest in child care here at the airport.”*

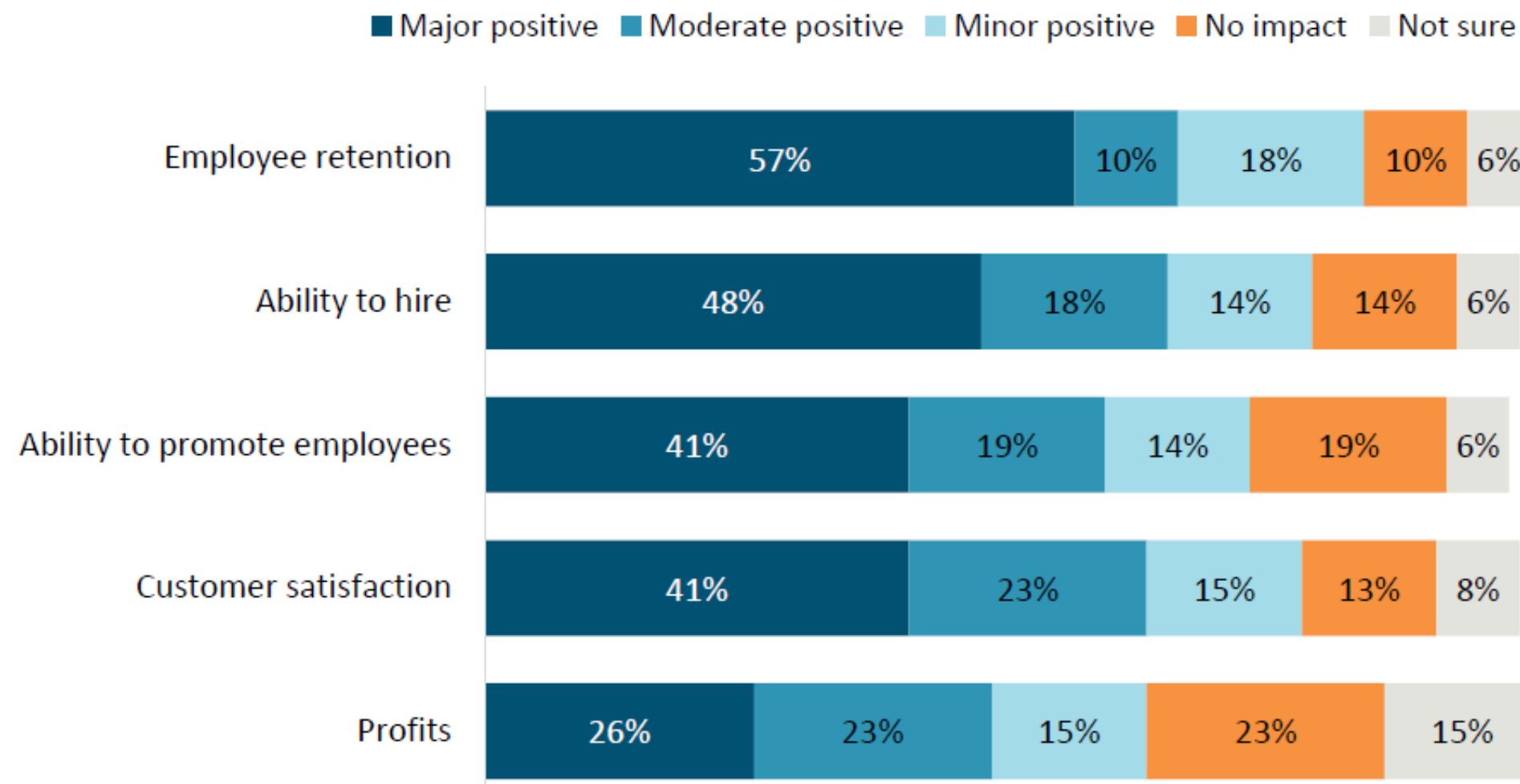
*“In the past my wife and I have **quit jobs due to the fact that we were paying so much in child care that it did not make sense for both of us to work anymore.**”*

Source: Port of Seattle 2023 Employee Survey (N=457)

SEA Employers Believe Child Care Would Have a Positive Business Impact

At least half of employers believe that removing child care barriers would have a major or moderate positive impact across all dimensions

Employers convey the positive effect child care at SEA would have on their business



Retention & Attendance
“If Port of Seattle runs a successful child care center, more people wouldn’t call out or quit their job.”

Recruitment & Productivity
*“Providing child care to current and prospective employees would be a HUGE benefit. This would **attract more employees and uplift the overall mood** of our staff.”*

Impact is strongest for retention and hiring, with positive effects across all areas – at least 64% of employers report a minor, moderate, or major positive impact.

Source: Port of Seattle 2024 Employer Survey (N=64)

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Three Models Show Potential to Meet SEA Child Care Goals



Approach	<ul style="list-style-type: none"> Develop a child center and contract directly with an operator to deliver services to SEA employees 	<ul style="list-style-type: none"> Partner with other public entities to jointly develop and support a shared child care center 	<ul style="list-style-type: none"> Provide targeted financial support to an existing center in return for affordable and accessible care for employees
Key Benefits	<ul style="list-style-type: none"> Provides greater control over location, design, access, and alignment with airport workforce needs Ensures dedicated capacity for SEA employees 	<ul style="list-style-type: none"> Distributes cost and risk across partners while expanding access to multiple workforces 	<ul style="list-style-type: none"> Expands access with lower upfront investment and reduced financial exposure
Considerations	<ul style="list-style-type: none"> Requires significant upfront investment and ongoing financial risk 	<ul style="list-style-type: none"> Requires coordination across partners, which can slow decision-making Limits control over location, design, operations, and access 	<ul style="list-style-type: none"> Requires similar ongoing investment to a Port-led center Limits control over location, design, operations, access, and long-term performance Does not add new child care supply to the community

Working Model for Analysis of Port-Led Child Care Center

General Operating Model

- **Capacity & Size:** ~100-120 FTE children, ~8-15K sq. ft.
- **Ages Served:** 6 weeks to 5 years (infants, toddlers, and preschoolers)
- **Hours:** M-F from ~6:00am to ~9:00pm, with potential weekend and flexible hours based on demonstrated need
- **Location:** ~5-10-minute drive from North Employee Parking Lot (NEPL), prioritizing a site south of the airport and/or near a light rail station
- **Population served:** Airport employees and nearby community members

Program & Governance Structure

- **Day-to-day operations:** Partnering with an operator to run the center, potentially in collaboration with a municipality
- **Income-Based Tuition:** Optimize for affordability through public subsidies and income-based discounts on tuition
- **Access:** Full-time and part-time care, with the potential for limited drop-in/backup care
- **Equity priorities:** Provide multilingual, culturally-responsive care for families and include meals to reduce participation barriers

Affordable Tuition Would Not Cover Full Cost for a Port-Led Child Care Center



	Annual Cost per Child to Provide Care	Market Rate Tuition <i>(community families not receiving public subsidies)</i>	Affordable Tuition <i>(airport employees with 85-105% SMI*)</i>
<i>Infant (6 wk - 11 mo)</i>	\$47,500	\$26,500	\$17,000
<i>Toddler (12 - 29 mo)</i>	\$32,500	\$24,000	\$15,500
<i>Preschool (30 mo - 5 yrs)</i>	\$29,000	\$20,500	\$13,000

(*) SMI = State Median Income
 Notes: Table reflects full market rate for community families. Financial model assumes ~50/50 enrollment split between airport and community families. The center will also accept WCCC- and BSK-eligible community families whose tuition will vary by subsidy type and income band.

Diverse Funding Sources Can Help Sustain a Port-Led Child Care Center

Ongoing Operating Investments

Recurring contributions

- **Federal** food subsidies (CACFP)
- **Airport** operating support and/or rent relief
- **Philanthropic** operating support (e.g., reserves, endowment contributions)
- Operating contributions from **potential partners** (e.g., operating support, rent relief)

Capital Funding Sources

One-time, upfront investments

- **State and federal** earmarked funding
- **Department of Child, Youth, and Families** (DCYF) grants
- **Philanthropic** start-up grants and donations
- **Airport capital investment** (e.g., for real estate or tenant improvement (TI))
- Capital contributions from **potential partners** (e.g., for real estate or TI)

These sources are intended to close the gap between tuition revenue and the true cost of care.

Year 5/Ongoing Profit and Loss Estimate for Port-Led Child Care Center



Revenue		Notes
Enrollment-based revenue (private pay)	\$1,243,000	Tuition similar to others in area (~\$20,500-\$26,500) and projected enrollment includes vacancy of 5-15%.
Enrollment-based revenue (subsidies)	\$1,241,000	Assumes ~50% of children are subsidy-qualified and ~20% of kids attend 30+ nonstandard business hours/month. Includes annual average family copay of ~\$1,500/child.
CACFP funding (meals)	\$73,000	Food assistance based on number of toddlers and preschoolers receiving meals.
Additional investment for affordability and priority registration for airport families	\$822,000*	Necessary operational investment to ensure long-term sustainability could be addressed through different funding strategies, including through the operator.
Total Revenue	\$3,379,000	
Expenses		
Staffing	\$2,471,000	Based on licensing needs and market rate wages and benefits.
Rent	\$360,000	Assumes an 11,000 sq. ft. facility at market rent.
Facility Costs (excl. rent)	\$142,000	Includes utilities, insurance, maintenance and repairs, etc.
Food	\$222,000	Cost of food for toddlers and preschoolers.
Supplies and Equipment	\$50,000	Includes classroom supplies & equipment, office supplies, etc.
Business Costs	\$134,000	Includes insurance, administrative infrastructure, background checks, staff PD, community events, etc.
Total Expenses	\$3,379,000	
Net Profit	\$0	Breakeven due to additional investment line item.

*\$462K in direct cash outlay if rent provided in-kind

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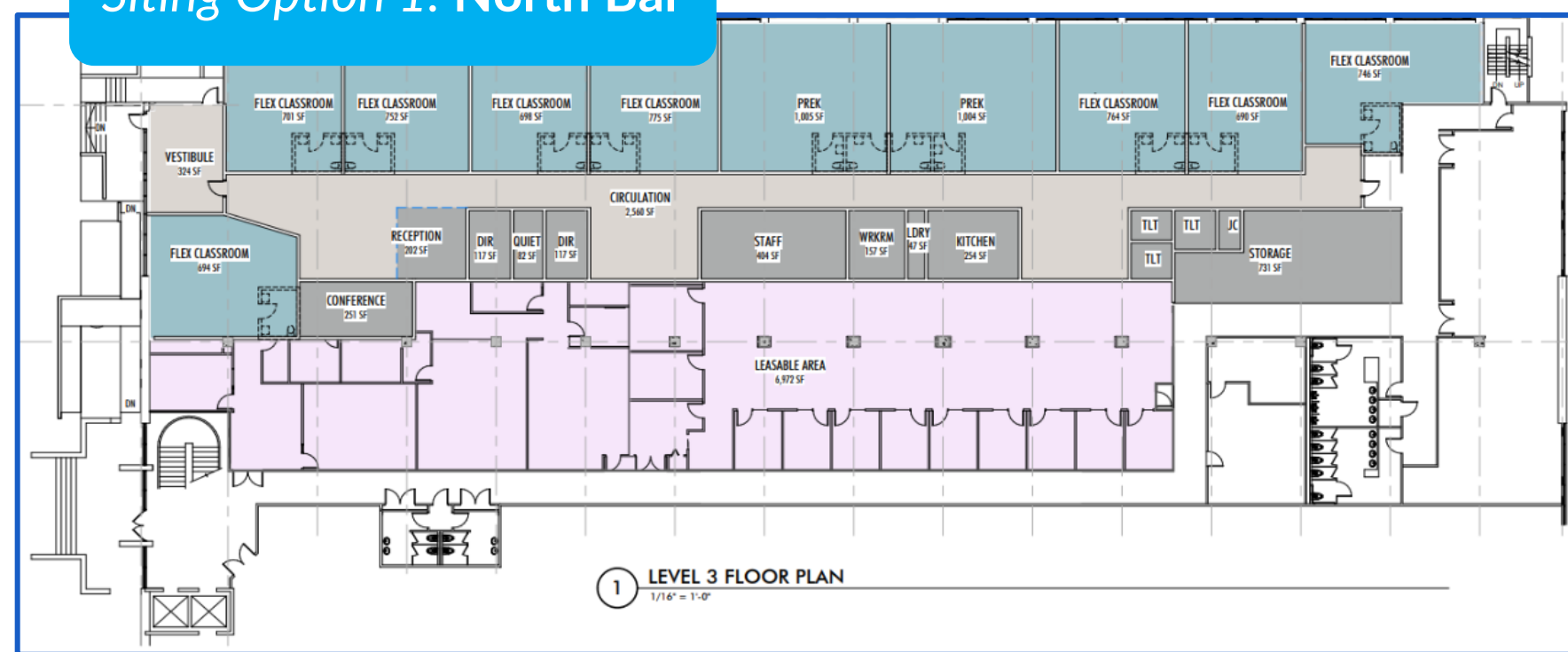


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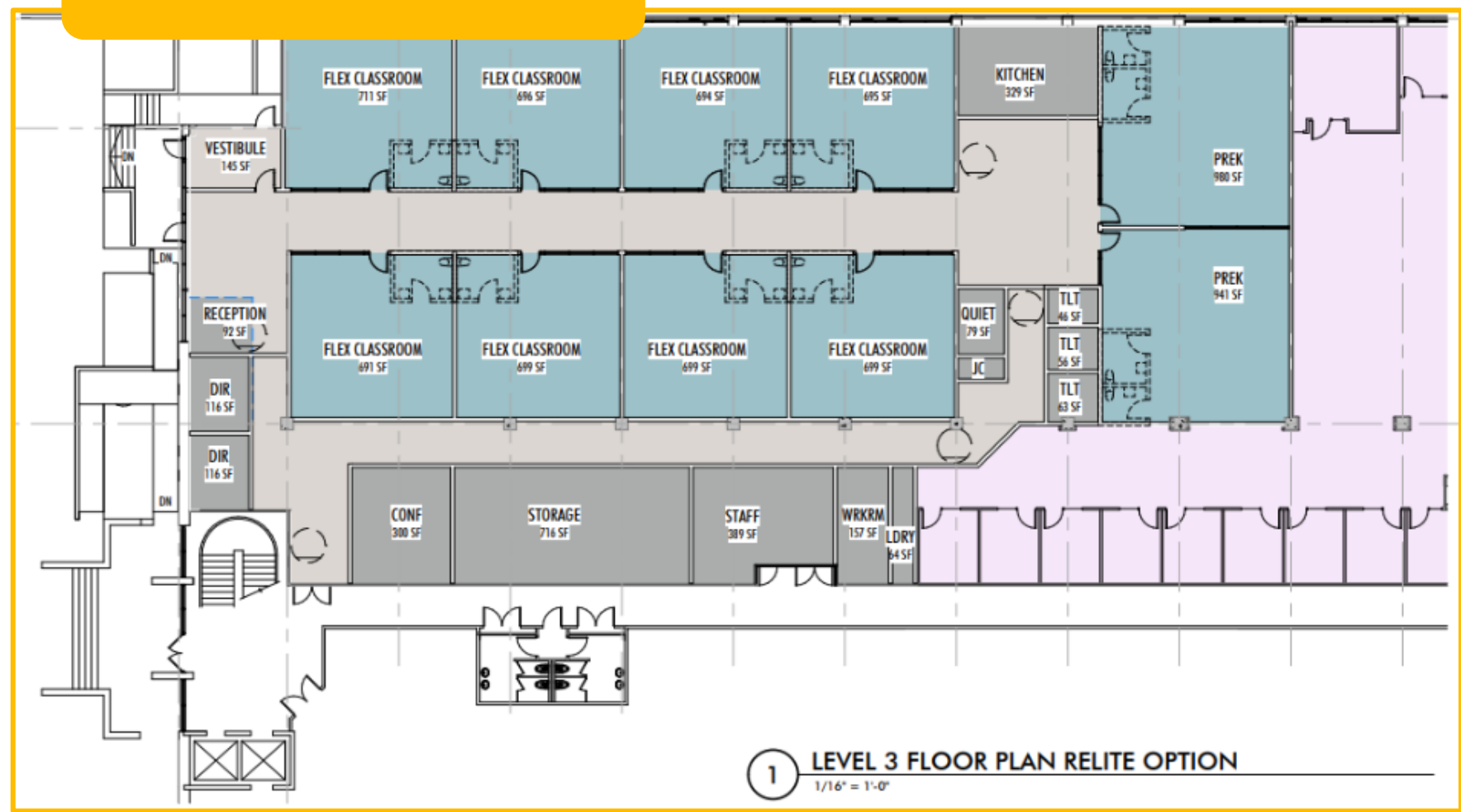
STOC Is the Closest but Potentially the Most Expensive Siting Option

Build-out cost per model is ~\$15M

Siting Option 1: North Bar



Siting Option 2: Relite



Additional, likely less expensive site options will be evaluated at non-Port owned facilities.

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SEA Visit Will Advance Feasibility Planning, Design, and Next Steps

On May 26 and 27 we will present to the Commission, conduct focus groups, and evaluate additional site opportunities.



Commission Meeting

Align on the strategic path forward for ongoing feasibility analysis

- Share **initial feasibility findings** and next steps
- Gather **commissioner feedback** on priorities and direction



Focus Groups

Refine the working model based on employee voice and demand

- Engage SEA employees to validate survey findings and **center assumptions**
- Understand **employee priorities** related to affordability, hours, location, and enrollment



Additional Site Visits

Identify viable site options that balance feasibility and accessibility

- Assess sites that may **reduce development complexity** and capital investment
- Evaluate how sites support **employee access and enrollment demand**

Questions?