

# AVIATION DIVISION

## A. 2009 BUDGET SUMMARY

**TABLE V-1: 2009 BUDGET SUMMARY**

( in thousands)	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Forecast	2009 Budget
<b>REVENUE:</b>						
Services:						
Services	112,859	126,249	132,654	142,415	146,855	141,352
Property Rentals	194,303	201,898	205,313	204,441	203,136	209,105
Fuel Hydrant facility revenues	3,491	8,077	8,054	8,198	8,651	8,200
Security Grant and Contract Revenues	1,162	1,276	1,467	787	787	1,350
Total revenue	311,815	337,500	347,487	355,842	359,429	360,006
<b>OPERATING EXPENSES:</b>						
Operations and maintenance	120,553	126,817	132,984	141,397	141,357	139,792
Earthquake repair expense - net of insurance and other recoveries	2,113	(182)	-	-	-	-
Law enforcement	14,218	14,343	15,480	16,340	16,340	15,743
Administration	17,876	19,775	23,033	30,244	30,244	32,800
Environmental	271	58	126	-	2,047	1,187
Total operating expenses before depreciation	155,031	160,994	171,623	187,982	189,989	189,522
<b>OPERATING INCOME BEFORE DEPRECIATION</b>	156,784	176,506	175,864	167,860	169,440	170,484
Depreciation	92,677	104,590	101,118	108,427	108,427	115,605
<b>OPERATING INCOME AFTER DEPRECIATION</b>	64,107	71,916	74,746	59,433	61,013	54,879
<b>NON-OPERATING INCOME (EXPENSE) :</b>						
Ad valorem tax levy revenue	6,766	1,174	2,863	12,275	12,275	650
Passenger facility charges revenue and related interest income	56,506	59,141	63,114	62,440	62,440	62,525
Customer facility charges revenue and related interest income		17,188	22,570	20,262	20,262	24,573
Grants and donations	104,980	116,783	89,691	75,709	50,609	63,276
Investment income - net	12,847	26,072	38,310	14,964	14,964	17,796
Revenue and capital appreciation bond interest expense	(78,470)	(93,922)	(97,742)	(99,806)	(99,806)	(113,841)
Passenger facility charges revenue bond interest expense	(12,604)	(12,258)	(11,844)	(11,449)	(11,449)	(10,996)
Public Expense	(3,080)	(730)	(1,866)	(14,075)	(1,650)	(8,850)
Other expense - net	(19,284)	(22,663)	(10,566)	(496)	(496)	(771)
Total non-operating income - net:	67,661	90,785	94,530	59,824	47,149	34,361
<b>INCREASE (DECREASE) IN NET ASSETS</b>	131,768	162,701	169,276	119,257	108,162	89,240
<b>EMPLOYMENT (FTES)</b>	802.1	834.6	849.7	834.2	834.8	833.0

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## B. BUSINESS PLAN FORECAST

**TABLE V-2: BUSINESS PLAN FORECAST**

(in 000's)	Notes	Budget 2008	Budget 2009	Forecast				Compound Growth 2008-2013
				2010	2011	2012	2013	
<b>OPERATING BUDGET</b>								
Airline Revenue		\$197,567	\$201,864	\$217,491	\$240,754	\$254,336	\$275,806	6.9%
Non-airline Revenue		149,036	148,289	149,162	150,577	152,686	155,675	0.9%
Security Reimbursement		787	1,050	0	0	0	0	-100.0%
Fuel Hydrant Facility		8,451	8,704	8,704	8,704	8,704	8,704	0.6%
Other Revenue	1	0	100	0	0	0	0	
<b>Total Operating Revenues</b>		<b>355,842</b>	<b>360,006</b>	<b>375,356</b>	<b>400,035</b>	<b>415,726</b>	<b>440,185</b>	<b>4.3%</b>
Operating & Maintenance Expense		141,397	140,979	147,678	154,373	158,064	162,591	2.8%
Corporate Administrative Expense	2	30,244	32,800	33,948	35,136	36,366	37,639	4.5%
Law Enforcement Costs		16,340	15,743	16,294	16,864	17,455	18,065	2.0%
<b>Total Operating Expense</b>		<b>187,981</b>	<b>189,522</b>	<b>197,920</b>	<b>206,373</b>	<b>211,885</b>	<b>218,295</b>	<b>3.0%</b>
<b>Net Operating Income Before Depreciation</b>		<b>\$167,861</b>	<b>\$170,484</b>	<b>\$177,436</b>	<b>\$193,661</b>	<b>\$203,841</b>	<b>\$221,890</b>	<b>5.7%</b>
Total Depreciation Expense		108,427	115,605					
<b>Net Operating Income After Depreciation</b>		<b>\$59,434</b>	<b>\$54,879</b>					
							Total 2009-2013	
<b>Committed Capital Budget</b>		<b>\$354,238</b>	<b>\$348,202</b>	<b>\$221,382</b>	<b>\$132,923</b>	<b>\$48,293</b>	<b>\$25,672</b>	<b>\$776,472</b>
<b>Business Plan Prospective</b>		<b>54,336</b>	<b>42,644</b>	<b>146,546</b>	<b>112,034</b>	<b>147,271</b>	<b>195,450</b>	<b>643,945</b>
<b>TOTAL CAPITAL BUDGET</b>	3	<b>\$408,574</b>	<b>\$390,846</b>	<b>\$367,928</b>	<b>\$244,957</b>	<b>\$195,564</b>	<b>\$221,122</b>	<b>\$1,420,417</b>

AVBPFOR.xls

**Notes:**

- 1) Consists of reimbursement from City of Sea-Tac for access studies.
- 2) Consists of remaining Corporate costs to be allocated to Business Groups after direct charges have been coded to Groups and Divisions or other costs allocated to Divisions. Most costs are allocated using a formula based on Expenses and employees. For some departments specific allocation methodologies, such as employees for Human Resources & Development, are used.
- 3) See Section X for details of Capital Budget.

**TABLE V-3: AVIATION KEY MEASURES**

Key Measures	Budget		Forecast		
	2009	2010	2011	2012	2013
Operating Cost Per Enplanement	11.99	12.53	13.06	13.08	13.09
Non Airline Revenue Per Enplanement	9.39	9.44	9.53	9.43	9.33
Passenger Airline CPE	11.90	12.88	14.31	14.78	15.63
Traffic (in 000's)					
Total Landed Weight	21,281	21,763	22,216	22,679	23,151
Enplanements	15,800	15,800	15,800	16,195	16,680

AVMEASURES.XLS

## **C. DIVISION MISSION STATEMENT**

The mission of Seattle-Tacoma International Airport is:

*Connecting our region to the world through flight. The journey begins here.*

### **OUR VISION**

We envision that Sea-Tac will be:

*A welcoming front door, embodying the spirit of the Northwest – an economic engine and a source of regional pride.*

This vision statement can elicit many different interpretations. Several that are meaningful to us are:

- Sea-Tac will have an atmosphere that is natural, friendly, refreshing, relaxing. Passengers from all over the world will feel immediately welcome and at ease.
- Sea-Tac will incorporate cutting-edge technology and customer service for a pampered, no-hassle airport experience. We will break the mold and set a new standard.
- Sea-Tac's architecture will be new, exciting, spacious and efficient. It will capture the unforgettable Northwest natural beauty and culture and it will be environmentally respectful.
- Sea-Tac's innovative financial and operational management – and our collaborative relationships with our tenants – will reflect our entrepreneurial spirit.
- Sea-Tac will be renowned in the Pacific Rim for advancing global exchanges, trade and economic development.

## **D. BUSINESS PLAN AND STRATEGIES**

### **AIRLINE INDUSTRY ASSESSMENT**

The U.S. passenger and cargo airline industry remains very cyclical. The industry recognized losses totaling \$35 billion from 2001 to 2005. The industry rebounded to earn \$3.1 billion in 2006 and \$5.0 billion in 2007. This industry has been on an economic roller coaster in 2008, and the implications for 2009 and beyond are not clear at this time. During the first half of 2008, the rising price of oil had a direct negative impact on airline profitability. Frontier Airlines filed for bankruptcy and eight small airlines ceased operations. As of mid-2008, with the price of oil at \$140 per barrel, the industry was predicting losses in excess of \$10 billion for 2008. The price of fuel, which accounted for approximately 15-17% of the price of a ticket for 2000 - 2004, rose to 40% by mid-2008. This change in the airline cost structure risked changing the industry economics to the point that no airline business model made any sense (or cents). In response to this financial crisis, major carriers announced capacity cuts of 10-15% and corresponding reductions in staff to trim costs. Recognizing that cost cutting alone could not offset the increased price of fuel, airlines increased fares, added fuel surcharges, and implemented "a la carte" pricing for many services (additional bags, food, etc.). By September, the price increases and additional fees were successful in generating more revenues. However, at the same time, the world credit markets stopped functioning, causing a general liquidity crisis. While the implications are still being determined, the plunging stock markets world-wide point to a deepening economic recession that will likely affect all nations.

For the airline industry, the looming economic recession is both good and bad. The good news is that the price of oil has dropped to under \$70 per barrel, or half of what it was in July of 2008. The bad news is that economic recessions typically cause businesses and leisure travelers to cut back. Thus, even with reduced capacity, airlines may have to go back to reducing fares to fill seats. Looking at third quarter earnings announcements, most carriers are losing money (including Southwest Airlines). On one hand, this is troubling in that the third quarter is typically a very strong quarter due to high summer leisure traffic. Looking inside the earnings reports, most airlines are actually generating profits from operations, but the gains are more than offset by fuel hedge losses due to the drop in fuel prices!

A preliminary September passenger activity report by Air4Casts indicates that U.S. airlines are reporting a drop in passenger traffic of 8.1% compared to September 2007. This indicates that the capacity reductions announced over the summer are going into effect as planned in September (after peak summer travel). The fourth quarter of 2008 and all of 2009 will likely be challenging times for the U.S. airline industry. A recovery in 2010 is possible, but not certain. The depth and breadth of the pending economic recession will affect the price of oil as well as the overall demand for air service.

The airline industry's ability to add capacity in 2009 (if it still wants to) will be hurt by the Boeing strike. This has delayed deliveries of new 737s as well as the initial deliveries of the 787. The newer airplanes are more fuel-efficient and are therefore important elements of the airline strategy to cut costs.

Locally, Alaska Air Group (parent company of Alaska Airlines and Horizon Airlines) reported a net loss of \$86.5 million for the third quarter of 2008. Excluding special items, the company reported a third quarter net profit of \$39.9 million compared to \$78.8 million for the same period in 2007. The special items included a loss of \$218 million associated with the decline in the value of the company's fuel-hedge portfolio.

### **AIRPORT INDUSTRY ASSESSMENT**

Airports have been largely insulated from the cyclical tendencies of the airline industry. While many airlines have gone bankrupt since deregulation in 1978, no airport has defaulted on its revenue bonds. This is due to the nature of the lease agreements with airlines (typically all airlines serving an airport are jointly liable for aeronautical costs) and their diverse sources of revenue (parking, rental cars, and food and retail concessions). While airport costs average about 5% - 6% of an airline's total costs, these costs have grown in recent years, so airlines continue to focus on airport costs.

When comparing airport costs, the most common measure is passenger airline cost per enplanement ("CPE"). CPE is an average unit cost measure that permits a reasonable comparison among airports. It is not a "rate" that is charged to any individual airline. CPE can be an imperfect measure because there are major differences among airports for the costs that are included in the numerator of the equation. For example, at some airports, airlines own and operate terminals. Thus, at those airports, the CPE would be artificially low. One of the major drivers of increases to an airport's CPE is the capital program. When assets are placed in service, the debt service and the additional operating costs are charged to the airlines through rates designed to recover costs. Consequently, airport CPEs tend to peak soon after a major capital program, then gradually decline as passenger volume increases.

Airports that have strong origin and destination ("O&D") traffic are less vulnerable to the financial problems of any one carrier than a hub airport. The theory is that if one carrier disappears, the underlying demand for travel will induce existing carriers to expand service or another carrier to enter the market.

### **SEA-TAC AIRPORT: BUSINESS ASSESSMENT**

Sea-Tac was the eighteenth -largest US airport as measured by total passengers in 2007. Enplaned passenger traffic at Sea-Tac grew by 4.5% in 2007. For 2008, Sea-Tac experienced strong growth through the first half of the year (6.9%), followed by moderate growth in the third quarter, bringing the year-to-date total 5.2% above 2007. This growth was due to airlines adding capacity while maintaining high load factors. In particular, Virgin America launched service at Sea-Tac in April, Southwest and Jet Blue added frequencies, and Horizon continued to add capacity by migrating its fleet to larger aircraft. Sea-Tac also benefited from growth in international passengers. Specifically, Sea-Tac is realizing the full-year service of the two airlines that launched service in 2007: Air France (Paris) and AeroMexico (Mexico City). In 2008, Lufthansa initiated service to Frankfurt and Northwest added service to London. Overall international passenger growth is up 12.3% through September. The forecast of total passengers for 2008 is 4.0% over 2007. This reflects an expected decline in the fourth quarter.

For the past few years, the long-term forecast for Sea-Tac has been based on achieving 45 million annual passengers by 2021. At the time of the forecast in 2003, this resulted in an annual growth rate of 3%. This was consistent with the FAA's forecast for the region. Through 2007, Sea-Tac has exceeded this forecast, and

last year revised the long-term growth rate to 2.8% through 2021. While the forecast for 2008 will again exceed the forecast, the outlook for 2009 represents a departure from this forecast. Enplaned passengers are assumed to decline by 3.0%. This forecast reflects a continuation of reduced schedules that are appearing in the fourth quarter of 2008; however, the reduction is moderated by the expectation that international traffic will hold even with 2008, and that reductions for Alaska Air Group will be less at Sea-Tac than in other markets the Air Group serves.

The forecast for 2010 reflects uncertainty about the timing and extent of an economic recovery and the uncertainty about the future price of oil and its impact on the airline cost structure and overall business model. Can airlines sustain recent fare and fee increases? Given this uncertainty, our forecast for 2010 and 2011 is for zero percent growth. We assume growth will resume in 2012 at 2.5% and 3% for 2013.

Sea-Tac has a relatively low concentration of service by the dominant carriers. The largest airline (Alaska) accounted for 35.1% of the enplaned passengers in 2007, and the top three airlines (Alaska, Horizon, and United) accounted for 57.3% of the passenger traffic. Looking at year-to-date figures for 2008, Alaska has dropped to 34.1% market share, while Horizon has grown to 14.2%. As of September, Southwest Airlines has displaced United to become the number three carrier with 9.0% market share. A combined Delta and Northwest Airlines would have year-to-date market share of 12.3%. Compared to other large airports, Sea-Tac has relatively high O&D traffic - approximately 73% in 2007. This percentage has been essentially flat since 2003. Relatively high O&D traffic and relatively low concentration of dominant carriers reduces Sea-Tac's vulnerability to the effects of any given carrier reducing capacity or suffering financial difficulties. Only Alaska Airlines uses Sea-Tac as a hub.

Current and long-term cost management continues to be a strategic focus of Sea-Tac Airport. With a forecasted CPE of \$11.56 for 2008, Sea-Tac is near the high end of the middle range for large hub originating and destination airports (defined as airports with origin and destination traffic greater than 60% of total traffic). As of 2006 (most recent available data), compared to airports in the Western U.S., Sea-Tac is lower than San Francisco, slightly above Portland and Denver, and higher than Los Angeles, Phoenix, Salt Lake City, San Diego and Oakland.

The comparative CPE figures for airports will likely change significantly for 2008 and 2009 because airline capacity reductions have not been shared equally. Due to the relatively fixed nature of airport costs in the short-run (both capital and operating), a sharp drop in enplaned passengers will inevitably lead to higher CPE. Some airports (like Oakland) have seen reduced capacity of as much as 30%, while others, like Sea-Tac, have seen modest reductions to-date. Since the CPE calculation is very sensitive to the denominator (enplaned passengers), most if not all airports will likely see increases in CPE, and for some the increases could be very significant. Thus, pre-2008 comparisons should be viewed as historically accurate but not necessarily indicative of future rankings.

By the end of 2008, Sea-Tac will have invested over \$3.4 billion since 1999. Investments have included rebuilding Concourse A, the Satellite Transit System, the Central Terminal, constructing the Third Runway and rebuilding much of the airport's infrastructure. By the end of 2009, Sea-Tac will have invested another \$403 million (reconstruction of Runway 16L, beginning construction on a remote rental car facility). In total, the airport will have invested \$3.8 billion for the eleven-year period 1999-2009. The cost of these investments will be reflected in higher rates and charges to the airlines. By 2009 the CPE is currently forecasted to be \$11.91 based on current assumptions for passenger growth. A CPE of this level would likely still be at the high end of the middle range for large hub O&D airports.

Sea-Tac Airport has made significant progress in reducing its forecasted CPE. In July of 2003, the forecasted CPE for 2009 was \$25.09. At the time the airport signed a seven-year lease and operating agreement with the airlines (December 2005), the 2006 business plan forecasted 2009 CPE of \$14.15. The current budgeted 2009 CPE of \$11.90 reflects the Port's ongoing commitment to manage costs and maintain a competitive CPE. A key element of the Ports CPE reduction strategy is to use up to 90% of PFCs to offset debt service that would otherwise be built into the airline rate base. This strategy will be implemented in 2009 so that 100% of the revenue bond debt service associated with the new Third Runway is excluded from the airline rate base. The Port will continue to focus on managing the growth of future CPE.

## **CHALLENGES AND OPPORTUNITIES**

When assessing challenges and opportunities, it is helpful to differentiate between the aeronautical and non-aeronautical sides of the business:

### **Challenges: Financial challenges are foremost in 2009**

- CPE Control:
  - Few operating costs are driven by enplanements
  - Capital costs for completed projects will hit airline rate base in 2009 – 2010
  - One-time opportunity for airlines to give back exclusively leases space in terminal in 2009 will put pressure on terminal rates
- Maintain non-airline revenues
  - Parking, terminal concessions, rental cars tied to enplanement levels

### **Opportunities:**

- Modest additional terminal concessions opportunities
- Use 90% of PFCs to offset debt service in 2009

## **PORT-WIDE STRATEGIES**

Aviation Division strategies are guided by the seven Port-wide strategies:

- Ensure airport and seaport vitality
- Develop new economic opportunities for the Region and the Port
- Enhance public understanding and support of the Port's role in the region
- Be a catalyst for regional transportation solutions
- Be a leader in transportation security
- Exhibit environmental stewardship through our actions
- Be a high performance organization

## **AVIATION DIVISION STRATEGIES**

### **1. Supportive Community**

GOAL: Be a valued partner within the airport community and throughout King County.

#### OBJECTIVES:

- Partner with Airport Jobs and within the community to increase educational and career advancement opportunities for airport employees by obtaining new scholarship money for and expanding class offerings at Airport University.
- Engage employees in each Aviation Division department to identify and implement how -- either through their expertise or their relationships with tenants and customers -- they can directly support the airport communities.
- Enhance youth understanding and interest in the aviation industry through the implementation of a local high school internship program that regularly brings students to work at the airport.

#### 2009 INITIATIVES:

- Initiate partnerships through economic development projects, active participation on boards and economic development committees, offering open houses to airport communities, and holding one-on-one meetings with key community leaders and residents.
- Grow relationship with educational community
- Continue to insulate single family homes, and continue working on school insulation programs with both the Highline Community College and the Highline School District
- Launch the next FAR Part 150 Update in late 2009

## **2. Customer Service**

GOAL: Provide extraordinary customer service.

#### OBJECTIVES:

- Improve facility accessibility for the growing number of older travelers and travelers with disabilities; including meeting or exceeding ADA requirements.
- Upgrade terminal facilities to create a more welcoming and efficient arrivals experience for arriving international travelers; including a strong 'Seattle' sense of place.
- Institute system improvements that ensure domestic air carriers' baggage delivery times are under 30 minutes for 90% of all inbound flights.
- Create a new consumer-oriented airport website.
- Improve computer/internet connectivity and entertainment systems (i.e., CNN) available to travelers in the terminal with neutral or positive revenue impact.
- Enable all airport employees to live up to a clear, common airport customer service standard; communicated via tenant and airline new employee orientations and other channels.
- Improve the quality and availability of one-on-one customer service assistance provided by Sea-Tac (paid and volunteer) customer service staff.
- Relocate permitted smoking areas away from those areas regularly used by non-smokers.

#### 2009 INITIATIVES:

- External web site redesign to have greater consumer emphasis
- Expansion of volunteer program
- Increase number of laptop charging stations
- Partner with TSA on checkpoint revisions promote faster throughput and reduction in hassle factor.

## **3. High Performance Workplace**

GOAL: Create and maintain a workplace of motivated and engaged employees where all employees feel welcome, see the value of their work and take personal ownership of their and the Airport's goals. Promote individual commitment and exceptional performance.

#### OBJECTIVES:

- Ensure that every full-time airport employee has an employee development plan in place and that supervisors make available appropriate employee development opportunities.
- Foster a workplace that supports challenges to the status quo, incorporates new ideas and knowledge, and continuously strives for improvement by establishing an effective communication program that allows Aviation Division staff to offer ideas and feedback on how to make the airport a "best place to work..."
- Achieve a workplace injury rate 10% below the national average and provide all employees with the tools and resources necessary to gain and maintain a healthy lifestyle.

#### 2009 INITIATIVES:

- Develop telecommuting policy. This is also an environmental initiative.

#### **4. Aeronautical Business**

GOAL: Provide our aeronautical partners with the capacity, services and cost saving strategies that help them to run profitable operations at Sea-Tac airport.

##### OBJECTIVES:

- Develop a strategic master plan for terminal development, which includes technological, operational, and physical enhancements that optimize the utilization of the airport's current facilities, including common use self service kiosks, two-step ticket processing, and baggage system screening, make-up, and claim.
- Expand and enhance cargo facilities and capacity and attract additional cargo carriers in order to ensure that the Sea-Tac can meet the region's growing demand for air cargo service.
- Maintain competitive CPE.

##### 2009 INITIATIVES:

- Transform passenger and baggage processing through inspansion, common-use and remote facilities:
  - Complete planning studies to clarify development strategy for terminal and landside facilities: baggage master plan, curbside analysis, FIS long-term study, garage fourth floor improvements, and APM/bus guideway to RCF.
- Initiative long-term south access study
- Complete north cargo redevelopment study
- Increase cargo marketing and development resources
- Strategic asset management: develop reliable, detailed forecast of renewal and replacement needs to minimize long-term total cost of ownership.
- Strategic cost management: create proper alignment of cost to operational and strategic priorities. Analyze cost trends and benchmarks to identify opportunities to improve efficiency.

#### **5. Non-Aeronautical Business**

GOAL: Pursue non-aeronautical business ventures that contribute to the airport's long-term financial strength, maximize non-airline net income and support other strategic goals.

##### OBJECTIVES:

- Initiate development of key Port properties in SeaTac, Burien and Des Moines as soon as practicable.
- Create new concession opportunities that provide for a more complete array of products and services for the traveling public.
- Increase advertising revenues through value added promotion programs that do not detract from the ambience of airport facilities.
- Accommodate the rental car industry in a long-term consolidated facility by 2011
- Continue to increase parking business net income through new pricing and innovative services.

##### 2009 INITIATIVES:

- Continue to develop off-airport property:
  - Complete redevelopment strategy for the Northeast Redevelopment Area (NERA) in Burien
  - Select developer for Lora Lake site
  - Sign long-term lease for development of Des Moines Creek Business Park site
  - Issue RFP and select developer for Tyee Golf Course site
  - Advance redevelopment planning on the 55 acre parcel in the City of Seatac
- Continue the marketing of the Pacific Marketplace Concession Program and the development of new concession opportunities that provide for a more complete array of products and services for the traveling public. This supports the Non-Aeronautical Division-wide strategy.
  - Develop concessions program within the Gina Marie Lindsay Arrivals Hall
  - One restaurant/bar will generate \$130K in annual revenue. Additional retail kiosks deferred until after the bar is in place.

- Develop a retail merchandising unit (RMU)/kiosk program - small, high-quality stand-alone structures, that can be installed easily in a variety of locations to extend the array of products and services available to the traveling public and thereby increase “impulse” shopping. Initially install six airport-wide kiosks and generate \$50K in annual revenue per location (long-term goal: 16 locations)
- Award new contracts for the Public Pay Telephone/Calling Cards services.
- Issue RFP for an electronic gaming store in the first half of 2009. This concept is expected to generate \$70K for half a year.
- Issue 6-8 month licenses for inclusion of specialty retail merchandise in vacant concession spaces to determine feasibility of various concepts.
- Issue RFP for medical clinic and pharmacy services in the first half of 2009 to meet the needs of the traveling public and airport employees.
- Increase the value-added promotional programs through joint efforts with Clear Channel, the new holder of the advertising lease and concession agreement at STIA.
  - With the current wi-fi service contract expiring in November 2009, a new system for providing this service will be developed and implemented that will provide free wi-fi service for the traveling public while also increasing advertising revenues.
- Continue supporting AV/Operations and the Capital Development Division in providing for a smooth transition of the rental car industry from their locations in the garage and off-site locations to the new consolidated facility. This supports the Non-Aeronautical Division-wide strategy.
  - Request for proposals and bid process completed for space within the new consolidated rental car facility.
- Maintain parking revenue from the main airport garage in this weak economic climate. This will include analysis and recommendations for changes to marketing programs and pricing policies. Effort will also be devoted to determining the long-term parking space requirements of the airport and specifically the utilization of the area north of the main airport terminal currently leased to Doug Fox.

## **6. Environmental Leadership**

**GOAL:** Implement all reasonable projects and programs that minimize the airport’s environmental footprint while meeting the region’s air travel demands in a sustainable manner. Become the cleanest, greenest, most energy efficient airport.

### **OBJECTIVES:**

- Engage all airport stakeholders to assist in defining the strategic environmental focus areas for the airport.
- Build momentum and broad community support by identifying and implementing all near-term and readily achievable environmental beneficial actions.
- Launch a campaign that engages, educates and instills a sense of personal responsibility for environmental performance within the Aviation Division.
- Establish an environmental “footprint” measurement mechanism that provides a means of regularly evaluating the performance and impact of the airport’s actions.
- Implement an alternative fuel and emission reduction policy for the airport’s ground sources of emissions.
- Develop and implement a policy that complies with EX-15 and requires LEED experience for design consultant selection processes at the airport

### **2009 INITIATIVES:**

- Develop green house gas reduction goal by the end of 2009
- Conduct wind generation feasibility study
- Advance hotel shuttle consolidation program
- Work on implementation of continuous decent arrival (CDA) to reduce fuel consumption, noise levels and emissions
- Work with concessionaires on recycling and composting
- Develop plan to achieve 5% mode shift by 2015
- Launch pre-conditioned air project for terminal
- Launch mechanical energy conservation project

## **E. 2009 BUDGET SUMMARY**

### **Overview**

From a financial perspective, the Aviation Division has two sides of its business: Aeronautical and Non-aeronautical. On the Aeronautical side, where airline rates are set to recover costs, the Port's goal is to manage costs. The primary measure of an airport's cost to the airlines is the airline cost per enplanement (CPE). The "costs" include the operating and maintenance costs attributable to the airfield and the airline share of the terminal operating and maintenance costs (based on the percentage of revenue producing space split between airlines and other Port tenants), as well as the corresponding capital costs (either debt service or equity amortization). The Port does not charge airlines for the capital costs of any asset funded by Passenger Facility Charges (PFCs) or grants.

On the Non-aeronautical side of the business, the primary goal is to increase cash flow as measured by net operating income (NOI). The net cash flow can be used to directly fund capital improvements and build up cash reserves to meet liquidity targets. Another benefit of increasing NOI is to avoid having to charge the airlines for debt service coverage above 1.0x for rates and charges purposes. Under the terms of the airline agreement, if total airport debt service coverage is projected to drop below 1.25x, the airport can charge the airlines debt service coverage in rates and charges (up to 1.25x) in order to achieve the overall 1.25x debt service coverage level for the division.

### **Budget Highlights**

#### **Aeronautical:**

- 2009 budgeted CPE of \$11.90, up from budgeted 2008 CPE of \$11.63
- 2009 budgeted CPE down \$0.54 from last year's \$12.44 forecast for 2009.
- Total airline revenues (costs to the airlines) increasing 2.2%

#### **Non-Aeronautical:**

- Non-airline revenues down \$747 thousand compared to 2008 budget
- Non-airline revenues down \$5.3 million compared to last year's forecast for 2009
- NOI increasing \$4.7 million over 2008 budget

### **Revenues**

Operating revenues are budgeted to increase by \$4.2million (1.2%) over the 2008 budget. Airline revenues are budgeted to increase by \$4.3 million (2.2%), while non-airline revenues are budgeted to decrease by \$747 thousand (-0.5%).

Airline revenues, in accordance with the terms of the Signatory Lease and Operating Agreement (SLOA), are based on cost recovery. Costs in the rate base include both operating costs and capital costs (debt service and asset amortization). While revenue bond debt service is increasing by \$28.4 million, the Port is planning to use \$33.8 million of Passenger Facility Charge revenues (PFCs) to offset debt service in 2009. Thus, in spite of the fact that significant new resources are being added to the aeronautical budget, the cost increase, and thus the revenue increase, is quite modest.

Due to the forecasted reduction in passenger volume of 3%, non-airline revenues are budgeted to be 0.5% lower than the 2008 budget. Adjusting for volume of passengers, however, the overall non-airline revenues per enplaned passenger are budgeted to increase from \$9.29 to \$9.39, for a 1.0% increase. Overall, increases in ground transportation, terminal space rents and utilities are offsetting declines in Public Parking. Terminal concessions revenues from retail and food and beverage are essentially flat due to anticipated higher sales per transaction offsetting fewer transactions. Rental car revenues are expected to be down by less than 1%.

Public parking activity tends to be highly correlated to changes in passenger levels. 2009 Revenues are budgeted to drop by 2.8% compared to 2008 forecasted revenues. During most of 2008, the rate increase generated the desired result of fewer transactions but more revenues, consistent with budget assumptions. Thus, the garage reached capacity fewer times in 2008 than in 2007. In July, August and September revenues came in below budget. Parking revenues per enplanement are budgeted at \$3.63, below the 2008 budget of \$3.79, but still above the 2007 results of \$3.54.

Ground transportation revenues are budgeted to increase by \$1.6 million due to implementing rate increases. The Port sets ground transportation rates to recover costs.

Primary concessions (food and beverage, retail and duty free) revenue per enplaned passenger has grown from \$10.02 in 2007 to a forecast of \$10.33 in 2008. The 2009 budget of \$10.19 assumes lower sales per enplanement due to a weakening economy. The Concession business unit includes terminal space leased to non-airline tenants. For 2009, space rent will increase due to space leased to the Transportation Security Administration (TSA).

### **Operating Expenses**

Total airport operating expenses (including Corporate costs) are budgeted to total \$189.5 million. This represents a 0.8% increase over the 2008 budget. The Aviation Division budget, after adjusting for organizational changes, will grow by \$1.4 million (1.1%) while the airport's share of Real Estate, Capital Development and Corporate cost will be flat compared to 2008.

Within the Aviation Division budget, salary, wages and benefits are budgeted to increase by \$2.2 million (2.8%) and utilities are budgeted to increase by \$700K, or 5.4%. All other costs, with the exception of environmental reserves, are budgeted to decrease. Due to a change in accounting rules (GASB 49), asbestos removal costs associated with terminal renovations, which have previously been capitalized, are now to be treated as operating expenses. This change accounts for an increase of \$1.2 million.

Overall, salary, wages and benefits make up 61% of the Aviation Division Preliminary Budget. Outside services account for 18% of the budget and Utilities make up 10%. The remainder of the budget is made up of supplies, equipment and other costs.

### **2009 Budget Target**

The 2009 budget target was to achieve total operating costs flat compared to the 2008 budget. Implicit in this target is the need to identify savings in order to absorb increases for salary, wages and benefits and utility costs. In addition, due to various project delays, a few one-time initiatives from the 2008 budget will not be completed in 2008 and will need to be budgeted again in 2009. Normally, such items create capacity for new one-time items in the next year's budget

Within the flat target, the Aviation Division also will absorb costs associated with new assets and facilities, asset preservation costs, and new initiatives. Details for each of these categories are presented below:

#### **Utilities, credit card fees, other:**

o Utility rate increases	\$715,000
o Public parking credit card fees	\$250,000
o Other	<u>\$46,500</u>
Total	\$1,011,500

#### **Costs carried over from 2008:**

o Grease duct project	\$511,000
o Angle Lake abatement & site work	\$410,000
o Baggage master plan study	\$200,000
o Concession design standards	\$100,000
o Curbside analysis	\$75,000
o Other planning studies	<u>\$70,000</u>
Total	\$1,366,000

**New assets/facilities costs:**

○ Loading bridges rehab. & maint. (2 FTEs)	\$446,666
○ Maintenance costs for 400Hz ground power	\$180,000
○ Signage modifications for Sound Transit	\$109,480
○ Baggage coordinator	<u>\$85,000</u>
Total	\$821,146

**Asset/facility preservation costs:**

○ Rental Car QTA pavement repair	\$200,000
○ S. 188 <sup>th</sup> Tunnel study	\$100,000
○ Elevator cooling equipment	\$67,500
○ Other	<u>\$25,000</u>
Total	\$392,500

**New initiatives:**

○ Real estate development	\$200,000
○ Safety management system (non-grant funded)	\$100,000
○ Emergency preparedness equipment & supplies	\$80,000
○ Part 150 noise study	\$60,000
○ Cargo marketing and development	\$50,000
○ Other	<u>\$53,244</u>
Total	\$543,244

The Aviation Division proposes two exceptions to the flat target. The first exception is for asbestos remediation costs associated with terminal capital improvements that under previous accounting rules would have been capitalized. These costs will now be treated as environmental reserve expenses. A total of ten projects are estimated to have likely asbestos costs of \$1.2 million in 2009. The second exception is for costs that will be offset by new revenues in 2009, thus maintaining net operating income (NOI). Details of these items are presented below:

**Costs offset by new revenues in 2009:**

○ Safety management system (grant funded portion)	\$300,000
○ Solid waste utility service	\$126,064
○ South Access study (City of SeaTac funded)	\$100,000
○ Conference Center (new FTE, marketing costs)	<u>\$46,867</u>
Total	\$572,931

The table below summarizes these budget initiatives (figures in thousands):

Figures in \$000s	
<b>2008 Budget</b>	134,061
Transfers to Other Divisions	(2,824)
<b>2009 Budget Target (flat)</b>	<u>131,237</u>
<b>Cost Increases Absorbed:</b>	
Salary, Wages and Benefits	3,245
Utilities, Credit Card Fees, Other	1,013
Costs Carried Over from 2008	1,366
Total	<u>5,624</u>
<b>New Costs Absorbed:</b>	
New Asset/Facility Costs	821
Asset/Facility Preservation Costs	393
New Initiatives	543
Total	<u>1,757</u>
<b>One-Time Items in 2008 Budget</b>	(2,144)
<b>Budget Cuts</b>	(5,569)
Total Budget before Exceptions	<u>130,905</u>
<b>Over (Under) Target</b>	<u>(332)</u>
<b>Proposed Budget Target Exceptions</b>	
Asbestos Costs for Capital Projects	1,187
Costs Offset by New Revenues (in 2009)	573
Total Exceptions	<u>1,760</u>
<b>Proposed 2009 Budget</b>	<u><u>132,665</u></u>
<b>Amount Over Adjusted 2008 Budget</b>	1,428
<b>Percent Increase</b>	1.1%

Excluding the two exceptions, the flat budget was achieved. The budget absorbs \$5.6 million in cost increases and \$1.8 million in new costs. Significant budget cuts were implemented by all departments to account for the \$5.6 million in cuts.

### **Traffic**

Passenger traffic measured by enplaned passengers is projected to decrease by 3.0% in 2009 over the 2008 forecast of 16.3 million enplanements. This reflects anticipated reductions in capacity for airlines serving Sea-Tac. Sea-Tac has seen little reduction in scheduled flights so far, and generally much less than most other airports. The weakening economy and airline pricing decisions will affect demand. There is a higher level of uncertainty surrounding 2009 activity levels than in normal years.

### **Full-Time Equivalent Staff Positions (FTEs)**

In 2008, the Aviation Division transferred one position to Corporate while approving a net of 1.6 FTEs during the year. The 2009 budget proposes a net reduction of 1.7 FTEs over the 2008 estimated actual. Five positions will be eliminated: Planning Director, temporary Assistant Fire Chief, Sr. Business Development Analyst, Manager of Acquisition, and Building Inspector. A total of 3.3 positions are proposed to be added. The added FTEs are listed above in the explanation of the budget initiatives and repeated here:

Eliminated:	-5.0
Added:	
• AOB Conference Center Specialist	1.0
• Maintenance Operating Engineer	1.0
• Maintenance Electrical Engineer	1.0
• Ready Corps Volunteer	<u>0.3</u>
Total net change	-1.7

## **Capital Budget**

From 1999 – 2008, Aviation invested \$3.4 billion in capital improvements. While the pace of spending will decline, the 2009 – 2013 capital program is expected to invest an additional \$1.4 billion. The Capital Budget for 2009 totals \$391 million. Major projects for 2009 include: construction of rental car facility (\$120 million), reconstruction of Runway 16L (\$83 million), completing project elements of Third Runway (\$34 million), Baggage Screening (\$22 million). These projects account for \$259 million of the 2009 budget.

Before contemplating any new projects for 2009, all existing projects were reviewed to confirm the strategic rationale and the timing. A total of nine projects totaling \$75 million were cut from the capital program. To conserve cash, and to better align the timing of the need for existing project with projected completion dates, 2009 spending was reduced by \$106 million by deferring costs to future periods.

With the 2009 budget process, Aviation continued to use the “allowance” CIPs to manage the overall level of capital spending. Under this approach, the budget for newly approved projects and budget increases are deducted from the allowance CIPs, while any budget savings are added to the CIPs. Using these allowance CIPs like a checkbook (or zero-sum game) produces a very disciplined decision making process. This approach to capital budget management is also consistent with our airline cost reduction strategy in that capital costs have the largest impact on future CPE. There are exceptions to the use of the allowance CIPs as the source or recipient of all budget changes. First, the Rental Car Facility is assumed to be funded by Customer Facility Charges (CFCs) so it is separate. Second, any time we receive grants to fund capital projects, we do not deduct the grant-funded portion of the budget from the allowance CIP. This is because we do not charge the airlines any capital costs for grant funded expenditures. Third, the budget for the Comprehensive Development Plan has been viewed separately.

For 2009, 20 projects were submitted for approval, and twelve are proposed for approval with budgets totaling \$75 million:

- Aeronautical New Projects: 6 projects for \$51 million
- Aeronautical Renewal & Replacement: 3 projects totaling \$9 million
- Non-Aeronautical New Projects: none
- Non-Aeronautical Renewal & Replacement: 3 projects totaling \$16 million.

### **The key new projects include:**

#### Aeronautical New Projects:

- South RPZ Land Acquisition \$21.0 million
- Baggage System modifications \$20.0 million
- Security Checkpoint Revisions \$6.0 million

#### Aeronautical Renewal & Replacement:

- Airport Owned Gate Infrastructure \$6.0 million

#### Non-Aeronautical Renewal & Replacement:

- Garage 8<sup>th</sup> Floor Refurbishment \$15.0 million

All of these new projects are business plan prospective projects, meaning that additional work is required to finalize the scope, timing and budget for these projects.

Due to a reduction in forecasted growth in enplaned passengers over the next few years, program elements of the Comprehensive Development Program (a business plan prospective capital program) have been deferred

**Financial Forecast/CPE**

The Port strives to maintain a competitive CPE, in spite of rising costs due the capital program. 2009 has been a benchmark year for Sea-Tac Airport since this is the year the full costs of the Third Runway and all of the projects in the Phase I Capital Program hit the airline rate base. The 2009 forecasted CPE has dropped from \$14.15 (2006 budget forecast) to the current budget of \$11.90. This is down from last year’s forecast for 2009 of \$12.44. In spite of reduced forecast for enplaned passengers, costs are down in 2009 due to savings on the Third Runway project which reduced the amount of revenue bonds needed to complete the project.

For 2013 the forecasted CPE has decreased from \$16.69 (2006 budget forecast) to \$15.63. The cost benefits associated with deferring capital spending have been largely offset by the lower forecast of enplaned passengers and a significant increase in the assumed cost of borrowing. The average borrowing cost for the 2008 budget was 5.1%, whereas the current assumption is for 8.0%.

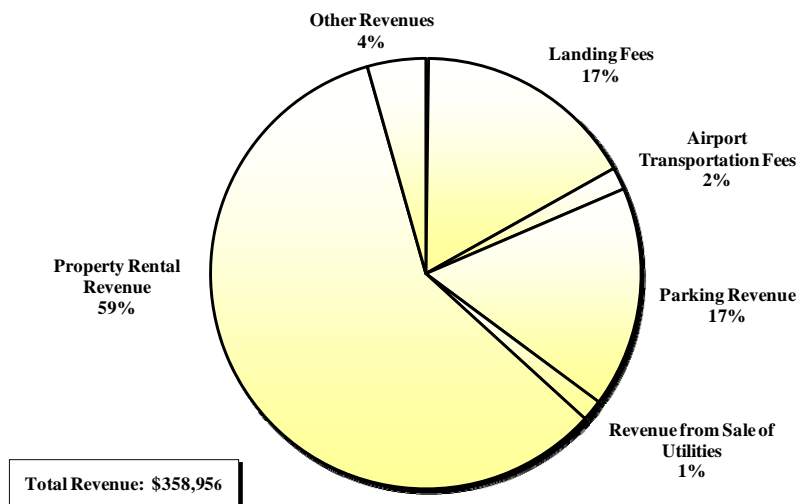
**OPERATING BUDGET SUMMARY**

**TABLE V-4: REVENUE BY ACCOUNT**

(in 000's)	2007 Actual	2008 Budget	2009 Budget	% Change 2009 Bud- 2008 Bud
<b>Revenue by Account</b>				
<b><u>Operating Revenue</u></b>				
Equipment Rental	\$751	\$706	\$727	3.0%
Landing Fees	53,158	58,878	59,836	1.6%
Airport Transportation Fees	4,375	4,368	6,039	38.3%
Parking Revenue	57,305	62,989	59,611	-5.4%
Revenue from Sale of Utilities	5,560	5,093	5,748	12.9%
Property Rental Revenue	208,992	208,271	211,265	1.4%
Other Revenues	16,190	14,750	15,730	6.6%
<b>Total Operating Revenue</b>	<b>\$346,330</b>	<b>\$355,055</b>	<b>\$358,956</b>	<b>1.1%</b>

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**FIGURE V-1: AVIATION DIVISION REVENUE BY ACCOUNT**  
(\$ 000'S)

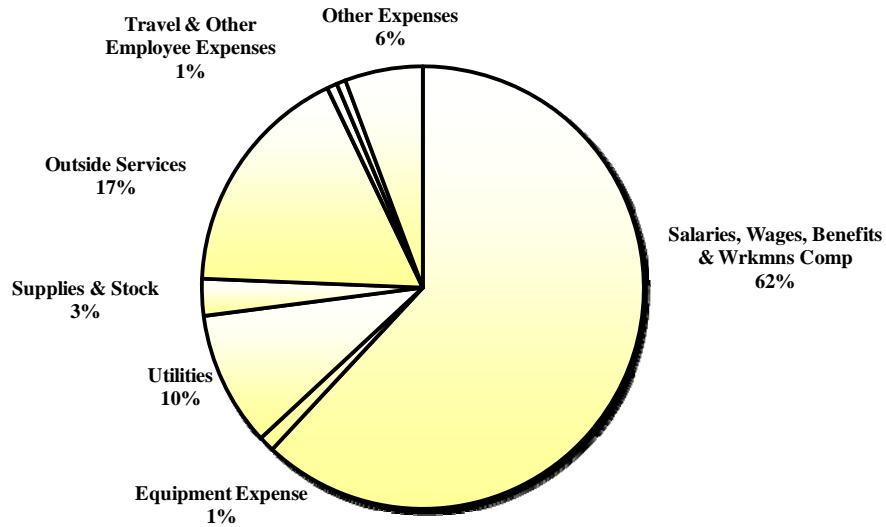


**TABLE V-5: OPERATING & MAINTANENCE EXPENSES BY ACCOUNT**

(in 000's)	2007	2008	2009	% Change
<b>Expense by Account</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>2009 Bud- 2008 Bud</b>
Salaries, Wages, Benefits & Wrkmns Comp	\$71,909	\$83,343	\$85,270	2.3%
Equipment Expense	2,616	2,035	1,591	-21.8%
Utilities	12,602	12,872	13,571	5.4%
Supplies & Stock	3,618	4,808	3,705	-22.9%
Outside Services	23,948	25,692	23,737	-7.6%
Travel & Other Employee Expenses	781	1,282	1,016	-20.7%
Promotional Expenses	459	1,132	931	-17.8%
Other Expenses	7,105	7,798	7,845	0.6%
Subtotal	123,038	138,961	137,667	-0.9%
Charges to Capital Projects	(2,845)	(5,929)	(5,002)	-15.6%
Total Budgeted Operating Expense	120,193	133,031	132,665	-0.3%
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**FIGURE V-2: AVIATION DIVISION EXPENSE BY ACCOUNT**

(\$ in 000's)



Total Before Charges to Capital Projects: \$137,667 Charges to Capital Projects: \$5,002 Total Expense: \$132,665
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**TABLE V-6: REVENUE AND EXPENSE BY BUSINESS GROUP/DEPARTMENT**

AVIATION DIVISION	(in 000's)	2007	2008	2009	% Change
	Notes	Actual	Budget	Budget	2009 Bud - 2008 Bud
<b>OPERATING REVENUES</b>					
<b>AIRLINE REVENUES</b>					
Landing Fees		53,158	58,878	59,836	1.6%
Terminal Rents		129,145	126,224	128,834	2.1%
Other Air line Revenues		11,569	12,465	13,194	5.8%
<b>Total Airline Revenues</b>		<b>193,872</b>	<b>197,567</b>	<b>201,864</b>	<b>2.2%</b>
<b>NON-AIRLINE REVENUES</b>					
Public Parking		55,463	60,870	57,377	-5.7%
Rental Cars		36,408	36,014	35,867	-0.4%
Employee Parking		5,436	5,513	5,474	-0.7%
Ground Transportation		4,445	4,430	6,089	37.4%
Commercial Properties		5,313	5,055	4,660	-7.8%
Concessions		31,085	31,853	32,821	3.0%
Utilities		5,591	5,093	5,748	12.9%
Other		236	210	253	20.3%
<b>Total Non-Airline Revenues</b>		<b>143,976</b>	<b>149,036</b>	<b>148,289</b>	<b>-0.5%</b>
Check Point Security		1,157	-	1,050	n/a
Hydrant Facilities Revenue		8,483	8,451	8,704	3.0%
Revenues from Corporate / Other Revenue	1	-	787	100	-87.3%
<b>Total Operating Revenues</b>		<b>347,488</b>	<b>355,842</b>	<b>360,006</b>	<b>1.2%</b>
<b>BUSINESS UNITS</b>					
Airport Operations		32,127	31,890	32,179	0.9%
Business Dev & Mgmt		3,181	4,696	4,590	-2.3%
Utilities		12,965	13,293	13,952	5.0%
<b>Business Units</b>		<b>48,273</b>	<b>49,879</b>	<b>50,721</b>	<b>1.7%</b>
<b>AVIATION SERVICES</b>					
Aviation Director's Office		2,526	3,764	3,147	-16.4%
Airport Employment Center		116	197	176	-10.4%
Division Contingency		-	1,346	2,461	82.9%
Fire Department		9,840	10,368	10,654	2.8%
Aviation Planning		1,679	1,943	1,718	-11.6%
Aviation Finance & Budget		630	727	705	-3.0%
Community Development		759	1,200	1,144	-4.7%
Airport Security		7,412	7,631	6,868	-10.0%
<b>Aviation Services</b>		<b>22,963</b>	<b>27,176</b>	<b>26,874</b>	<b>-1.1%</b>
<b>AVIATION FACILITIES</b>					
AV Facilities & Infrastructure		1,708	1,946	1,936	-0.5%
Aviation Signage		476	511	527	3.0%
Airport Building Department		350	376	306	-18.5%
Airport Office Building		573	732	697	-4.9%
AV Environmental Programs Group		3,249	4,303	3,909	-9.2%
Aviation Maintenance		40,957	48,108	46,508	-3.3%
<b>Aviation Facilities</b>		<b>47,315</b>	<b>55,976</b>	<b>53,883</b>	<b>-3.7%</b>
Aviation Environmental Reserve		-	-	1,187	0.0%
Aviation Capital to Expense		1,643	-	-	0.0%
<b>Total Aviation Budgeted Operating Expense</b>	2	<b>120,193</b>	<b>133,031</b>	<b>132,665</b>	<b>-0.3%</b>

2009 Revenues Expenses2.xls

**Notes:**

- 1) Includes revenue from Police (Corporate), municipal reimbursement.
- 2) Does not include costs from Project Management Group, a department of the Aviation Division until 2009:  
2007 Actual: \$875,934  
2008 Budget: \$1,029,496

## F. STAFFING

Table V-7 outlines the full-time equivalents (FTE) adjusted for temporary positions, interns and other limited duration employees for the Aviation division. Aviation is budgeting 833.0, which is 1.2 lower than 2008 budget and 1.8 lower than 2008 estimated year-end actual.

**TABLE V-7: AVIATION DIVISION STAFFING**

<b>STAFFING</b> (Full-Time Equivalent Positions)				
<b>BUSINESS GROUP/DEPARTMENT</b>	2008 Budget	2008 Est. Act.	2009 Budget	% Change 2009 Bud - 2008 Bud
<b><u>AIRPORT OPERATIONS</u></b>				
Aeronautical Business Group	100.3	117.6	117.6	17.2%
Landside Business Group	95.0	86.8	86.8	-8.6%
<b>Airport Operations</b>	<b>195.3</b>	<b>204.4</b>	<b>204.4</b>	<b>4.7%</b>
<b><u>BUSINESS DEVELOPMENT</u></b>				
Aviation Properties	9.0	10.0	10.0	11.1%
Concession	5.0	5.0	5.0	0.0%
Business Development	4.0	3.0	2.0	-50.0%
Business Management	2.0	1.0	1.0	-50.0%
Acquisition	5.0	5.0	4.0	-20.0%
Utilities	0.0	0.0	0.0	
<b>Business Development</b>	<b>25.0</b>	<b>24.0</b>	<b>22.0</b>	<b>-12.0%</b>
<b><u>AVIATION SERVICES</u></b>				
Airport Director's Office	12.4	13.4	13.7	10.5%
Fire Department	76.0	76.0	75.0	-1.3%
Planning	12.0	12.0	11.0	-8.3%
Aviation Finance & Budget	6.0	6.0	6.0	0.0%
Community Development	9.0	9.0	9.0	0.0%
Airport Security	100.0	93.0	93.0	-7.0%
<b>Total Aviation Services</b>	<b>215.4</b>	<b>209.4</b>	<b>207.7</b>	<b>-3.6%</b>
<b><u>FACILITIES</u></b>				
Facilities & Infrastructure	16.0	16.0	16.0	0.0%
AV Signage	3.0	3.0	3.0	0.0%
Airport Building Department	6.0	6.0	5.0	-16.7%
Airport Office Building	5.0	5.0	6.0	20.0%
Environmental	16.0	16.0	16.0	0.0%
Maintenance	352.5	351.0	353.0	0.1%
<b>Total Facilities</b>	<b>398.5</b>	<b>397.0</b>	<b>399.0</b>	<b>0.1%</b>
<b>TOTAL AVIATION DIVISION</b>	<b>834.2</b>	<b>834.8</b>	<b>833.0</b>	<b>-0.1%</b>

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Notes:

1) Aviation Project Management, which employed 52 FTEs in 2008, has moved to the new Capital Development Division.

## G. CAPITAL BUDGET

The business plan summaries at the beginning of this section provide the context for the following capital budget for the Aviation Division.

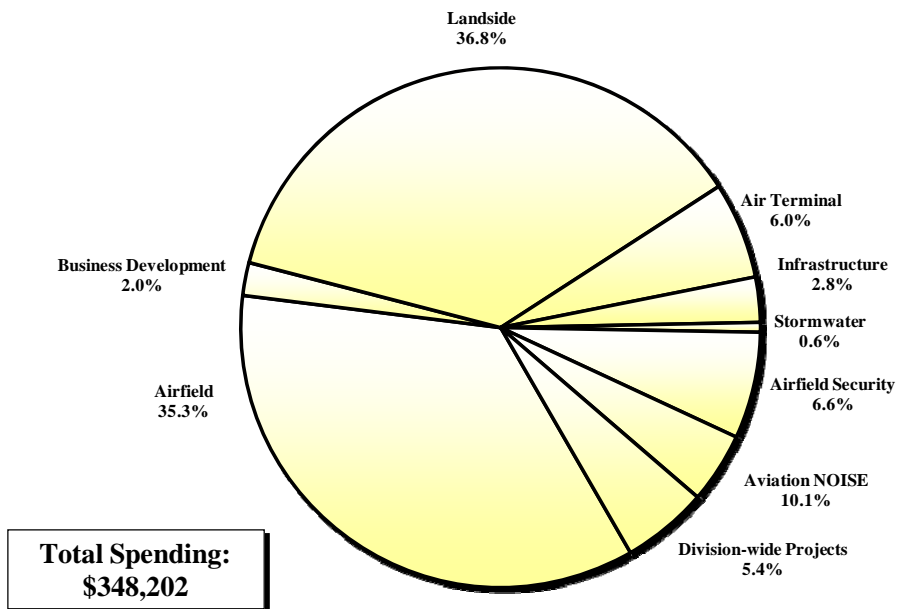
Table V-8 provides a Summary of the Aviation Approved Capital Budget for 2009.

**TABLE V-8: AVIATION CAPITAL BUDGET SUMMARY**

(\$ in 000's)	2009 Budget	2009-2013 CIP	% of Total
<b>Committed Capital Projects</b>			
Airfield	\$122,972	\$142,821	35.3%
Business Development	7,130	8,754	2.0%
Landside	128,238	336,810	36.8%
Air Terminal	20,930	70,189	6.0%
Infrastructure	9,761	63,336	2.8%
Stormwater	2,115	17,732	0.6%
Airfield Security	23,120	23,120	6.6%
Aviation NOISE	15,286	56,985	4.4%
Division-wide Projects	18,650	56,725	5.4%
<b>Total</b>	<b>\$348,202</b>	<b>\$776,472</b>	<b>100.0%</b>
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**FIGURE V-3: AVIATION DIVISION COMMITTED CAPITAL BUDGET**

(\$ 000's)



## H. AVIATION DIVISION OPERATING STATISTICS

**TABLE V-9: AVIATION DIVISION OPERATING STATISTICS**

Year	(1) Enplaned Passengers		(2) Total Landed Weight		(3) Air Cargo	
	Number	Growth	Pounds	Growth	Metric tons	Growth
1995	11,391	8.8%	20,334	9.9%	408,198	-0.5%
1996	12,133	6.5%	20,228	-0.5%	388,218	-4.9%
1997	12,341	1.7%	20,364	0.67%	393,786	1.4%
1998	12,868	4.3%	21,342	4.8%	428,327	8.8%
1999	13,802	7.3%	23,078	8.1%	444,224	3.7%
2000	14,174	2.7%	23,051	-0.12%	456,920	2.9%
2001	13,506	-4.7%	22,178	-3.8%	401,535	-12.1%
2002	13,362	-1.1%	21,658	-2.3%	374,753	-6.7%
2003	13,356	0.0%	20,790	-4.0%	351,418	-6.2%
2004	14,364	7.6%	20,944	0.7%	347,517	-1.1%
2005	14,632	1.9%	20,186	-3.6%	338,591	-2.6%
2006	14,982	2.4%	20,362	0.9%	341,981	1.0%
2007	15,661	4.5%	21,014	3.2%	319,013	-6.7%
2008 Budget	16,040	7.1%	21,320	4.7%	348,854	2.0%
2008 Forecast	16,288	8.7%	21,749	6.8%	322,690	-5.6%
2009 Budget	15,800	-3.0%	21,281	-2.2%	322,690	0.0%
<b>Compound Growth</b>						
1997 - 2007		2.4%		0.3%		-0.0208
2002 - 2007		3.2%		-0.6%		-0.0317

**Notes:**  
1) Passengers in thousands  
2) Weight in thousands  
3) In Metric Tons

AVSTAT.XLS