

CAPITAL BUDGET

The following pages provide detail of the projects included in the 2009-2013 capital budget. Additional information can be found in the business plans and the operating budgets of the divisions, as well as the Draft Plan of Finance section of this document.

Projects in this year's plan are divided into several categories. **Committed Projects** are ongoing projects or projects that are ready to move forward and for which a funding commitment will be secured. **Business Plan Prospective Projects** are less certain in timing or scope, but are considered critical for achieving business plan goals; the business unit or division has approved these projects; this category includes projects that are considered contingent obligations of the Port. **Other Prospective Projects** are preliminary in nature and are not ready for full funding commitment. Prospective projects are included in the capital budget section for informational purposes only.

TABLE X-1: CAPITAL BUDGET

(\$ in 000's)	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Total 2009-2013</u>
<u>Committed Projects</u>						
<i>Aviation Division</i>						
Airfield	\$122,972	\$13,449	\$6,400	\$0	\$0	\$142,821
Business Development	7,130	1,624	0	0	0	8,754
Landside	128,238	117,785	60,918	29,869	0	336,810
Air Terminal	20,930	38,707	5,680	4,872	0	70,189
Infrastructure	9,761	26,188	9,387	9,000	9,000	63,336
Stormwater	2,115	\$1,592	\$13,321	\$704	\$0	17,732
Airfield Security	23,120	0	0	0	0	23,120
Aviation NOISE	15,286	1,754	22,325	948	16,672	56,985
Aviation F&B (Division-wide)	18,650	20,283	14,892	2,900	0	56,725
Aviation Division	348,202	221,382	132,923	48,293	25,672	776,472
<i>Seaport Division</i> ^[1]						
Containers and Support Properties	104,497	8,879	14	0	0	113,390
Cruise and Industrial Properties	12,858	1,707	200	200	0	14,965
Environmental Services	2,800	8,300	6,900	2,500	1,000	21,500
General Seaport	1,967	1,343	1,080	1,196	1,048	6,634
Security	4,563	267	0	0	0	4,830
Seaport Division	126,685	20,496	8,194	3,896	2,048	161,319
<i>Real Estate Division</i>						
General Real Estate	111,780	4,400	2,650	1,650	1,850	122,330
Harbor Services	1,598	676	0	0	0	2,274
Property Management & Leasing	2,911	4,670	3,960	350	500	12,391
Real Estate Division	116,289	9,746	6,610	2,000	2,350	136,995
<i>Professional & Tech. Services</i>						
P&TS General	300	100	100	100	100	700
ICT Business Services	12,508	7,750	8,650	8,750	10,500	48,158
P&TS	12,808	7,850	8,750	8,850	10,600	48,858
Total Committed	\$603,984	\$259,474	\$156,477	\$63,039	\$40,670	\$1,123,644
<u>Business Plan Prospective Projects</u>						
Aviation Division	\$42,644	\$146,546	\$112,034	\$147,271	\$195,450	\$643,945
Seaport Division	25,550	52,000	64,350	58,750	110,250	310,900
Real Estate	2,100	11,850	10,650	11,005	12,200	47,805
P&TS General (ICT Business Services)	1,890	1,390	0	0	0	3,280
Total Business Plan Prospective	\$72,184	\$211,786	\$187,034	\$217,026	\$317,900	\$1,005,930
Total Port of Seattle	\$676,168	\$471,260	\$343,511	\$280,065	\$358,570	\$2,129,574

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^[1] Certain CIPs moved to Real Estate division in 2008.

For a complete discussion of the financing plan for the capital budget, please refer to Section XI, the Draft Plan of Finance section of this document.

Aviation Division Capital Improvement Program

General. The Aviation Division has completed all major projects included in the 1999 \$2.6 billion Phase I capital program. The goal of the program was to construct a third runway, add terminal and landside capacity and to invest in significant renewal and replacement. Major projects in the program include: Third Runway, South Terminal Expansion project (rebuilding of Concourse A), Central Terminal Expansion, rebuilding the Satellite Transit System, and electrical and mechanical infrastructure capacity enhancements and renewal and replacement. While the Third Runway will be operational in November of 2008, there are additional project elements that will continue spending in 2009 and 2010. For 2009 – 2013, the Aviation capital program focuses on adding capacity, renewal and replacement, and prudent energy conservation projects that allow the airlines to reduce operating costs.

Major Committed Capital Projects:

Remote Rental Car Facility. Presently, the first two floors of the main garage are devoted to rental car operation while the remaining six floors are devoted to public parking. The current space cannot accommodate all rental car companies and there is no room to expand. This project will construct a remote rental car facility that will accommodate all rental car companies desiring to rent space. The project will improve roadway congestion by removing rental cars from the airport drives and it will create additional public parking capacity in the main garage. The total budget, including land acquisition and the construction of a bus maintenance facility is \$412 million.

Rebuild Runway 16L/34R. Runway 16L/34R was originally built in 1944 and has undergone various extensions and improvements with the most recent being an asphalt overlay in 1992. The pavement condition index is approaching the critical point where rehabilitation is required. The activation of Runway 16R/34L will enable the closing of this runway while maintaining operational capacity of two runways. In 2009, Runway 16L/34R will be rebuilt with related infrastructure improvements. The project also includes installation of Runway Status Lights designed to warn pilots of potential runway incursions. The total budget is \$85 million.

The Third Runway Project. The runway became operational on November 20, 2008 as planned. The third runway program includes the construction of a new 8,500-foot parallel runway and related facilities, including land acquisition, wetlands mitigation, clearing and site work, grading, taxiways, lighting, signage, and relocation and installation of navigational aids. This runway represents a second all-weather runway for the airport. The third runway is located to the west of Runway 16C/34C. With a 2,500-foot separation from the eastern runway, the third runway allows for two dependent (staggered) arrival streams in unfavorable weather. Because of the difficult topography at this site, significant amounts of landfill and earthworks were required to construct the third runway. The project also includes noise mitigation related to third runway operations. While the runway is operational, certain project elements remain to be completed. The Port currently estimates that total costs for the third runway project will be about \$105 million less than the \$1.129 billion budget.

Noise Remedy Program. The Port's Noise Remedy Program began in 1971 and is designed to mitigate aircraft noise in neighborhood communities. The program involves the buy-out or insulation of single-family houses, multi-family buildings, and institutional buildings. The program also involves buying out mobile home parks, insulating owner-occupied, multi-family homes, and purchasing residential properties in the approach zone for the third runway. This program also includes project spending for Highline School district noise mitigation. The cost for 2009 – 2013 totals \$57 million.

Replace Terminal Escalators. This project will replace 42 aging escalators over a seven-year period. The total budget is \$55 million.

Central Plan Pre-conditioned Air. This project will provide pre-conditioned air for heating and cooling of aircraft while parked at gates. While at a gate, an aircraft's heating and air conditioning is provided by either the aircraft's onboard auxiliary power unit (APU) or a ground based supply system. Utilization of the aircraft's APU is expensive given the cost of jet fuel. It also generates significant carbon dioxide and other air emissions. The total budget for the project is \$31.1 million.

Security Projects. Security project spending is primarily for facility improvements to accommodate baggage screening equipment and for facility redesign and construction to accommodate the equipment. In addition, there are a number of smaller projects to enhance surveillance and to improve access restrictions. Project spending totals \$23 million.

Business Plan Prospective CIP

The Aviation Business Plan Prospective CIP is composed of project spending for Airfield, Landside, Terminal, Infrastructure, and other Aviation needs. These projects include expansion of cargo hardstands to accommodate 747-800s, development of additional overnight parking positions for aircraft, property acquisitions to clear the south runway protection zone, and renewal and replacement projects for the parking garage. The Business Plan Prospective CIP also contains spending projections for renewal and replacement and unprogrammed projects to allow for future needs not clearly defined currently. Prospective projects are, by definition, not yet well scoped, so there is greater uncertainty with regards to timing and costs than with Committed projects.

Seaport Division Capital Improvement Program

General. The Seaport's current five-year capital improvement program continues the Port's emphasis on supporting investments in facilities and infrastructure for the movement of container and non-container cargo. Also included are significant investments in environmental programs and security initiatives.

Committed Capital Projects

Container Operations and Support Properties. The continuation of the program to redevelop Terminal 30 back into a container facility and relocate the existing Terminal 30 cruise terminal to Terminal 91 is the largest containerized cargo project. The second largest project consists of funds to purchase land for future use as a container support yard. Another very significant container project is the redevelopment of approximately 16 acres at Terminal 25 South for container yard operations. Additional projects include the replacement/rehab of Terminal 5 crane spreaders and a project at Terminal 10 to prepare the site to be used on an interim basis as a truck parking area.

Cruise and Industrial Properties. The most significant cruise related project is the relocation of the Terminal 30 Cruise terminal. However, because the relocation was made necessary by the redevelopment of Terminal 30 into a container facility, the total project cost is included under Containers. Other Cruise specific projects include the construction of mobile gangways for the new Terminal 91 facility, a project to create a baggage corridor and new passenger screening areas at Pier 66 and lease required cruise upgrades and tenant improvement allowances. Other major committed projects are related to industrial properties are primarily renewal and replacement efforts. These include replacement of timber aprons with concrete at Terminal 115 and the installation of upgraded booms, spouts, rigging, and related equipment for two grain spouts at Terminal 86.

Environmental. The Seaport Green Initiative is made up of multiple projects primarily related to storm water improvements.

Security. Included for Security are funds for capital projects to be largely reimbursed through TSA Seaport Security Grants Rounds 6 and 7.

General Seaport. Additional committed projects include small projects and technology related investments.

Business Plan Prospective CIP

The Seaport Business Plan Prospective CIP is a combination of revenue/capacity growth, renewal/enhancement, and environmental and safety projects. The most notable projects under revenue capacity growth are funds to redevelop the Terminal 106 warehouse, funds to construct an additional industrial building for an existing tenant at Terminal 91 and funds for additional land purchases for container support yards under the 3.5 million TEU strategy and to support other industrial uses at Terminal 91. Renewal/enhancement projects include funds for the modernization of the Terminal 86 grain terminal and funds for potential mitigation associated with early work on the Alaskan Way Viaduct project. Also included is a general renewal and replacement project to allow for projects that cannot be determined with certainty as to location, timing and cost. A key environmental project in Business Plan Prospective status is the plan to bring shore power for cruise ships to Pier 66.

Real Estate Division Capital Improvement Program

General. Acquisition of the BNSF Eastside Rail Corridor will be the major capital expenditure in 2009 for the Real Estate Division. The purchase was originally expected to close in 2008, but was delayed until early 2009 due to difficulties in the nation's municipal bond markets. Other projects in the Real Estate Division's current five-year capital improvement program are primarily projects associated with the renewal and replacement of infrastructure, building components and systems that are at or beyond the end of their useful lives. Also included is a significant investment in environmental programs and tenant improvements related to the releasing of space expected to become vacant as existing leases expire.

Committed Capital Projects

Harbor Services Projects. A project to replace the Maritime Industrial Center seawall is the most significant Harbor Services' project. Other committed projects relate to completing final site improvements at Shilshole Bay Marina.

Property Management and Leasing. Key projects include the replacement of the east portion of the south wall at Fishermen's Terminal and HVAC improvements for the Fishermen's Center Building also at Fishermen's Terminal. Other projects are for tenant improvements and for renewal and replacement of building components and systems that are at or beyond the end of their useful lives.

Development and Planning. There are no committed projects under Development and Planning.

General Real Estate. Acquisition of the 42 mile BNSF Eastside Rail Corridor is included as a General Real Estate committed capital project. Also included is the Real Estate Green Initiative which is made up of multiple projects primarily related to storm water improvements. Additional committed projects include a cathodic protection system for Pier 69 north apron pilings, fleet replacement, technology related investments and small projects.

Business Plan Prospective CIP

The Real Estate Business Plan Prospective CIP is primarily renewal and replacement projects with the exception of funds for utility infrastructure at the Terminal 91 North Bay site. Renewal and replacement projects include, but are not limited to, funds for improvements to an existing Port owned building for use as a new home for the Marine Maintenance Group, rehabilitation of the Pier 86 fishing dock, Fishermen's Terminal net shed roof replacements, and various other projects at Fishermen's Terminal and the Maritime Industrial Center. Also included is a general renewal and replacement project to allow for projects that cannot be determined with certainty as to location, timing and cost.

Capital Development Division Capital Improvement Program

The Capital Development Division (CDD) delivers projects and provides technical and contracting services in support of the business plans and infrastructure needs of the Port's operating divisions. As such, the CDD does not have its own capital improvement program.

In addition to the Committed, Business Plan Prospective and Other Prospective project categories described above, the Port may also invest in Public Expense projects. These include authorized Public Expense projects (projects that meet the criteria of Committed or Business Plan Prospective projects but the expenditures are expensed instead of capitalized). This can occur when projects' improvements are created on non-Port properties; they are generally a required component of other Committed projects or they are the Port's contribution to regional transportation needs.

TABLE X-2: PUBLIC EXPENSE PROJECTS

These include authorized Public Expense projects (projects that meet the criteria of Committed or Business Plan Prospective projects but the expenditures are expensed instead of capitalized). This can occur when projects' improvements are created on non-Port properties; they are generally a required component of other Committed projects or they are the Port's contribution to regional transportation needs.

Division	CIP Description	2009	2010	2011	2012	2013	5 Year Total (2009 - 2013)
		(\$ in 000's)					
Aviation	Highline School District	650	650	9,075	650	650	11,675
	SR 518 Corridor Improvements	5,000	0	0	0	0	5,000
	Subtotal for Aviation	5,650	650	9,075	650	650	16,675
Seaport	Fast Corridor I	6,380	3,065	1,910	0	0	11,355
Seaport	Fast Corridor II	325	6,825	0	0	0	7,150
Seaport	E. Marginal/Spokane Trans Hub	0	4,000	0	0	0	4,000
	Subtotal for Seaport	6,705	13,890	1,910	0	0	22,505
	Grand Total	12,355	14,540	10,985	650	650	39,180

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