

Seattle-Tacoma International Airport

Competition Plan Update #2

December 18, 2017

OVERVIEW

The Port of Seattle submitted the first completion plan for Sea-Tac Airport on June 13, 2014. FAA approval was received on August 22, 2014. The letter of approval contained three recommendations for the Port to consider. The Port responded with a letter on September 16, 2014. A final response was received from the FAA on November 17, 2014.

The Port submitted the first update to this competition plan on December 8, 2016. It was approved by the FAA on April 22, 2016.

In accordance with FAA guidelines, the Port is required to submit a second competition plan update within 18 months of the approval. This document, following the guidance of FAA Order 5100.38D, AIP Handbook, Section X-7, is the second update to the 2014 competition plan.

COMPETITION PLAN UPDATE #2

a. Changes from Last FAA Approval

There have been no changes in competitive filing information since the first update was approved on April 22, 2016. The term of the current airline lease and operating agreement (SLOA III) is January 1, 2013 to December 31, 2017. The Port has been in negotiations with airlines at Sea-Tac since February of 2017. The Port commission passed a motion on October 10, 2017 instructing the Aviation Managing Director to continue the Signatory Lease and Operating Agreement (SLOA III) on month-to-month holdover status through March 31, 2018 unless a new agreement is approved earlier. Due to a failure to reach agreement in time to implement a new agreement on January 1, 2018, the Port gave notice to the airlines that SLOA III will go into month-to-month holdover status until March 31, 2018. If the Port and airlines do not reach agreement by March 31, 2018, the Port will implement rates by resolution (Port Resolution No. 3677, as amended) on April 1, 2018. Consequently, for this competition plan update, SLOA III remains in effect.

b. Reasons for Not Instituting FAA Recommendations

Of the three recommendations noted by the FAA in its letter dated August 22, 2014:

1. Designate competition access liaison. The Port did implement this recommendation. James Jennings, Senior Manager of Airport Properties, continues to serve in this role. The Port has been very successful in attracting new entrants (primarily international carriers), and the Airport Properties team has been able to accommodate the new entrants in spite of limited gates and ticket counters at peak periods.
2. Dispute resolution process: the Port discussed reasons for not having a dispute resolution process in SLOA III. Nothing has changed. This issue will be reviewed in the context of SLOA IV development.
3. MII provisions relating to PFC funded projects. The language in SLOA IV will be updated to make sure the airlines are asked to vote on the aeronautical rate base share of the capital costs, excluding any portion of the project funded by PFCs. I want to assure the FAA that the Port has always understood this distinction.

c. Responses to FAA Questions

See above.

d. Public Availability

The completion plan and the competition plan update #1 and the FAA letter are posted on the Port of Seattle web site at the following address:

<http://www.portseattle.org/About/Financial-Info/Pages/default.aspx>

Or, after accessing the Port of Seattle web site, click on “About the Port” then “Financial Information” then “Competition Plan.”