

An aerial photograph of the Seattle-Tacoma International Airport. The image shows the tarmac with numerous commercial aircraft parked at gates, including Delta planes. The main terminal building is visible, along with large parking lots filled with cars. In the foreground, there are airport support buildings, including one with a Delta logo, and a body of water (Lake Washington) with surrounding greenery and city buildings.

# Aviation Division

## 2021 Preliminary Budget *Commission Presentation*

October 13, 2020



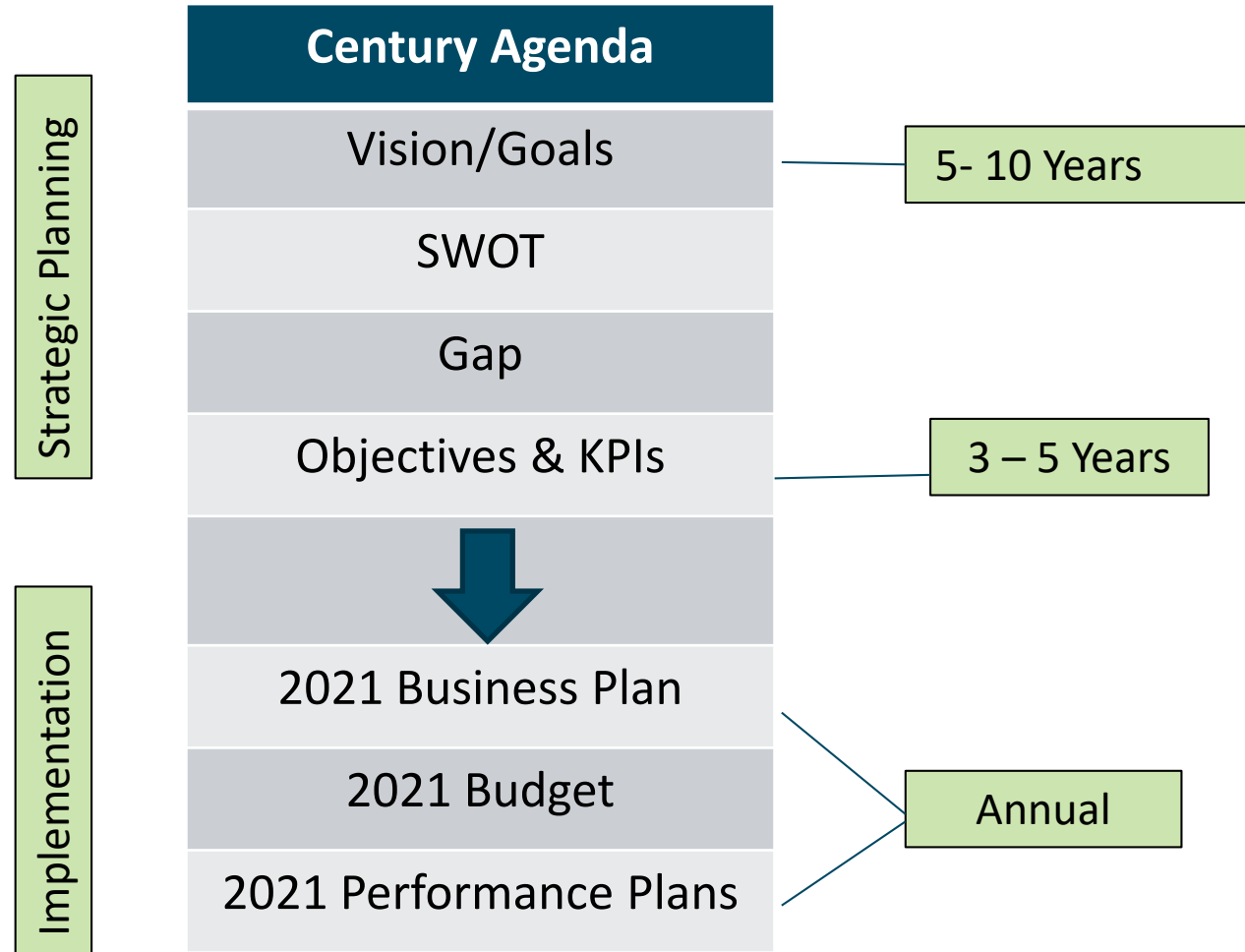
# Outline for Presentation

- Strategic priorities
- Operating budget summary
- Expense changes and budget requests
- CARES Act grant use plan
- PFC use plan
- Revenues and NOI: aeronautical and non-aeronautical
- Financial Forecast
- Appendix with budget details and reports

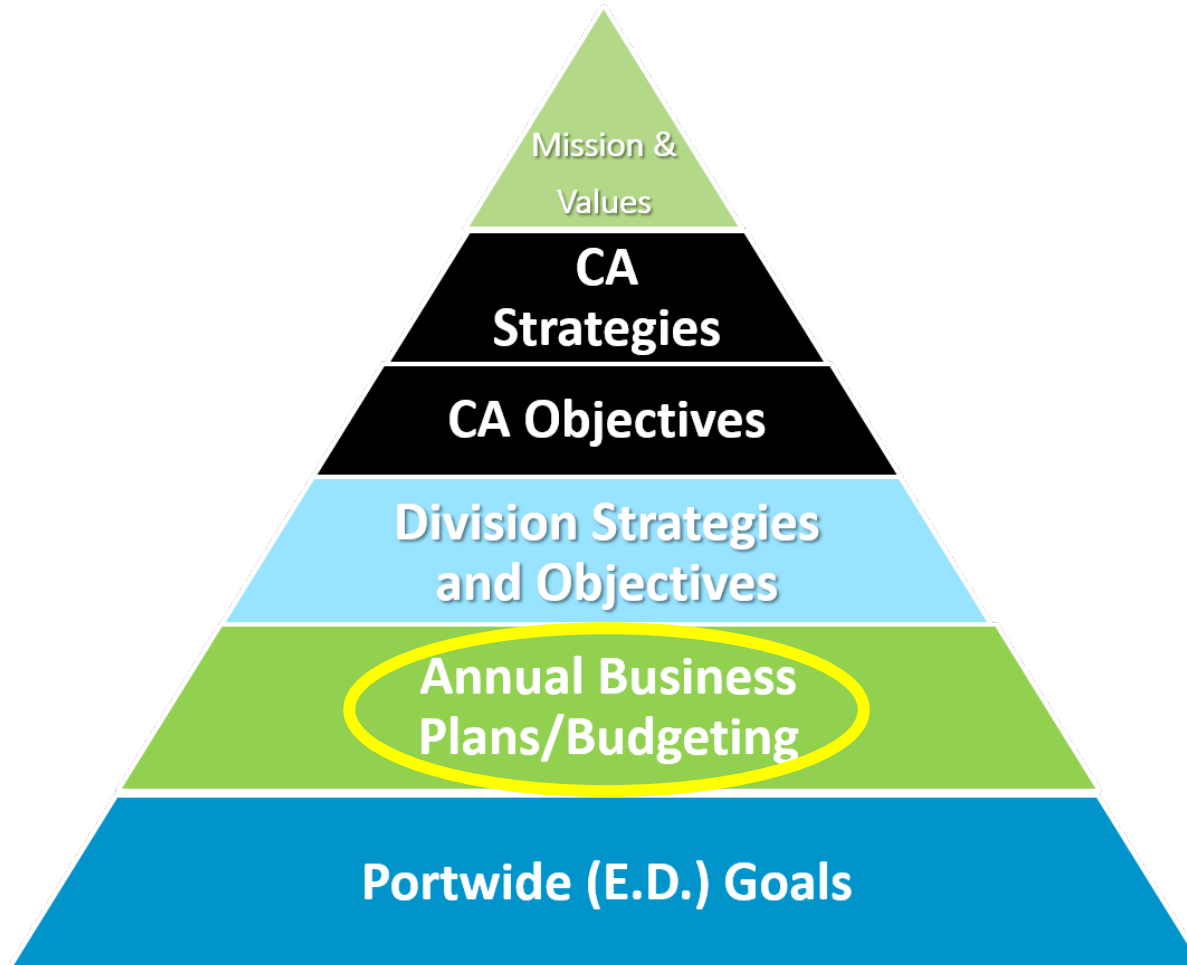
# 2021 Aviation Division Budget Timeline



# Strategy To Budget Process



# Century Agenda Drives Division Plans and Budgets



## CENTURY AGENDA OBJECTIVES

- Position the Puget Sound Region as a Premier International Logistics Hub
- **Advance this Region as a Leading Tourism Destination and Business Gateway**
- Responsibly Invest in the Economic Growth of the Region and all its Communities
- Be the Greenest and Most Energy Efficient Port in North America
- Become a Model for Equity, Diversity and Inclusion
- Be a Highly Effective Public Agency

# AV Priorities and Alignment with Century Agenda

CA Goal/Objectives	AV Priority/Initiatives	Objective/KPI
<b>Goal 2:</b> Advance this Region as a Leading Tourism Destination and Business Gateway <b>Objective 3:</b> Continuously improve operational efficiency and customer experience at SEA	<b>Customer Experience</b> <ul style="list-style-type: none"> <li>Fly Healthy@SEA</li> <li>Leverage SEA brand</li> <li>Accessibility</li> </ul>	Attain Skytrax 4 star rank by 2025
<b>Goal 2:</b> Advance this Region as a Leading Tourism Destination and Business Gateway <b>Objective 4:</b> Strengthen the competitiveness of SEA in the regional and global marketplace	<b>Capital Delivery</b> <ul style="list-style-type: none"> <li>Complete and open IAF</li> <li>Lounge expansion and upgrades</li> <li>C-1 Building</li> <li>SSAT Renovation</li> </ul>	Thirty (30) year-round international services of over 2,000 miles by 2025
<b>Goal 2:</b> Advance this Region as a Leading Tourism Destination and Business Gateway <b>Objective 5:</b> Meet the region's air transportation needs by delivering vital facilities and infrastructure in a sustainable and cost-effective manner	<b>Capital Delivery</b> <ul style="list-style-type: none"> <li>Complete and open NSAT Phase 2</li> <li>Complete relocation of Checkpoint 1</li> <li>Expand/reconfigure Checkpoint 3</li> <li>Renovate Zone 6&amp;7 of Ticketing and Checkpoint 5</li> <li>Complete Restroom Renovations</li> </ul>	Achieve level of service Optimal at peak for FIS, Gates, Checkpoints and Restrooms by 2025

# SEA Strategic Priorities: Vision/Goals

AV Priorities	Vision/Long-term Goals
1. Health and Safety	Annually reduce major ground incidents by 5% 100% of employees go home safely, achieve 95% safety evaluation score annually
2. Security	Zero discrepancies on TSA audit Zero breaches, zero discovery of prohibited items in sterile area, zero incidents of intentional harm
3. Employees	75% of Aviation employees measure high engagement scores
4. Community	All Part 150 commitments met, additional noise reduction measures explored and implemented
5. Innovation	Lean and process improvements are ingrained in Port's culture
6. Social Responsibility	Sustainable share of Port economic opportunities going to disadvantaged businesses
7. Customer Experience	Skytrax 5-Star ranking; Top 10 ASQ U.S. mega-hub airports (25 in pool) 45 minutes from clocktower through security checkpoint Reduce international to domestic minimum connect times to 75 minutes 30 year-round int'l services over 2,000 miles by 2025
8. Environment & Sustainability	Achieve Port goals for green house gas emissions for 2030 and 2050 Sustainable Aviation Fuel 10% of jet fuel used at SEA by 2028
9. Financial Sustainability	Port can operate, maintain and upgrade facilities to accommodate regional demand while maintaining competitive CPE, manageable debt levels, and adequate debt service coverage
10. Asset Management Capital Development & Delivery	Provide facilities to meet demand for passenger and cargo service Achieve critical asset uptime of 99% Provide optimum level of service (at peak times)

# 2020 SWOT: Industry/Business Context

## OPPORTUNITIES

- Regional economy - historically resilient, may bounce back sooner?
- Construction costs and delivery – may be more competitive, less constrained by airport congestion, opportunity to catch up
- Technology: touchless, video-conferencing, teleworking, innovation
- Federal support for airports

## THREATS

- Pandemic impact on demand for travel – timing and extent of recovery uncertain
- Airlines in financial trouble – focus on cost cutting, reduced airport costs, retired aircraft reduce supply
- Technology – video conferencing and teleworking could reduce demand for air travel
- Opposition to airport expansion
- Construction costs uncertain due to Covid-19 restrictions
- Non-aero business model paradigm shift



# 2020 SWOT: Sea-Tac Airport

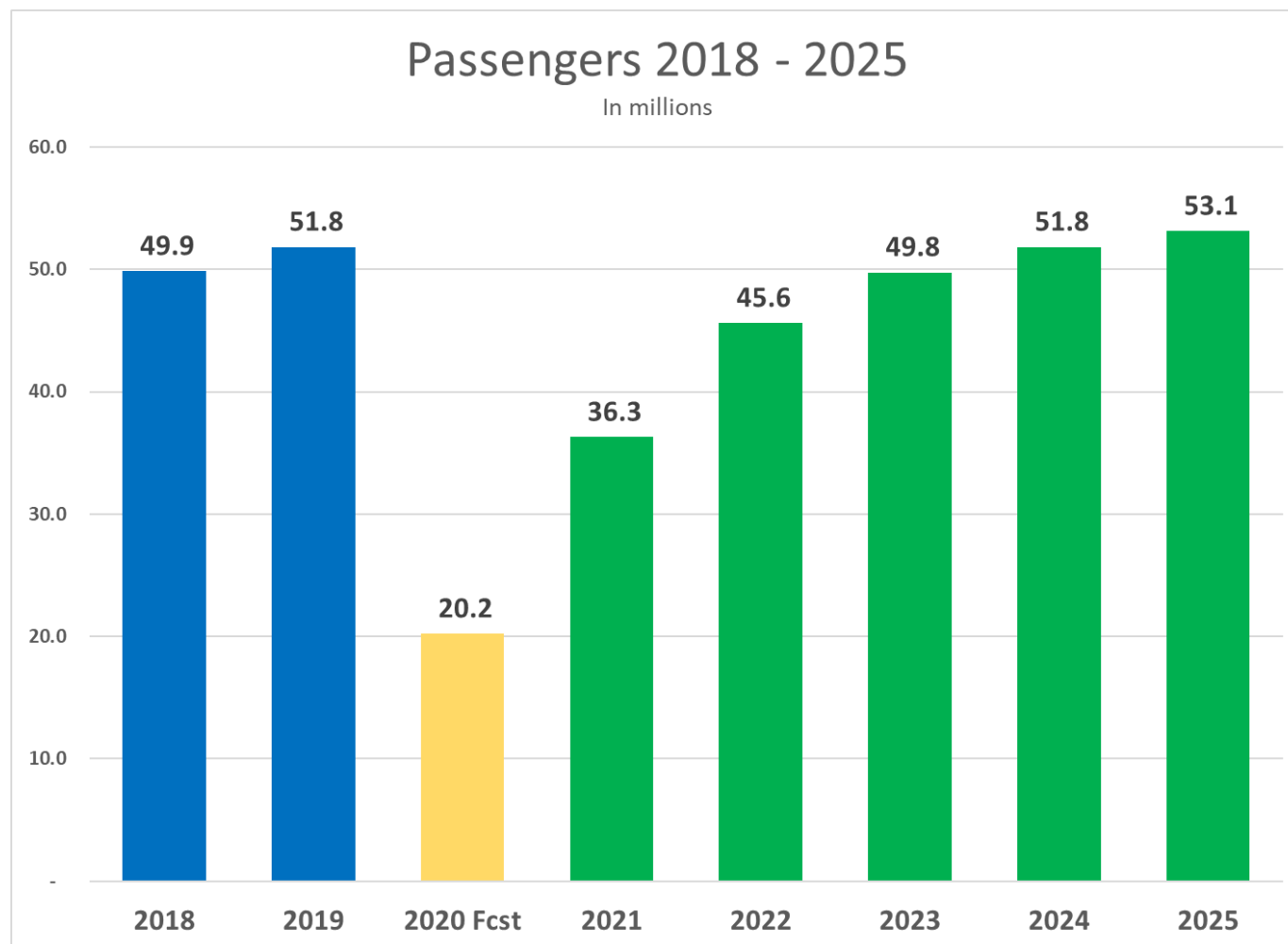
## STRENGTHS

- Two hub airlines: Alaska and Delta
- New facilities will open, adding capacity: IAF and NSAT
- Port of Seattle staff, ability to adapt and innovate
- SEA brand, FlyHealthy@SEA strategy, tenant engagement
- Support creation/maintenance of jobs

## WEAKNESSES

- Finances have deteriorated – lower debt service coverage, lower cash balance, lower capital capacity
- Current facilities not designed for passenger/traffic levels; physical distancing; aging infrastructure
- Construction impacts customer service
- Port processes: design review process, hiring, commission review & approval
- Staffing constraints, retirements, challenges filling key positions
- Organizational focus to support declining businesses

# Passenger Recovery Forecast



	Annual Change	Vs. 2019
2020	-61.0%	-61.0%
2021	79.5%	-30.0%
2022	25.7%	-12.0%
2023	9.1%	-4.0%
2024	4.2%	0.0%
2025	2.5%	2.5%

- International passenger recovery expected to lag domestic in 2021

# SEA Responding to Unique Challenges in 2021

## Challenges:

- 30% reduction in passengers vs. 2019
- Path of recovery uncertain
- Non-aero Revenues down \$80 million vs. 2019
- Opening IAF and NSAT – adding costs
- Covid-19 and FlyHealthy@SEA
- Airlines pressing for reduced rates while costs are increasing and activity is down
- Capital investment needs growing

## Response:

- Long-term view on capital program: keep CIP going, be ready for rebound
- Fund strategically critical initiatives
- Reduce operating expenses by:
  - Freezing 102 open positions
  - No pay increases for non-represented staff
  - Payroll vacancy factor of 1.5%
  - Cut non-essential travel and training
  - Maintain programs/services/initiatives at reduced levels
- Save portion of CARES act grant for 2021 to bolster debt service coverage, reduce airline costs

# 2021 Budget Priorities – Wildly Important Goals

- **Customer Experience:** Achieve four goals of FlyHealthy@SEA:
  - Maintain a healthy, safe airport environment
  - Restore confidence in air travel
  - Renew enthusiasm for travel
  - Return passenger volumes and economic vitality
- **Employees:** Maintain score of 70% or higher on surveys for employee engagement and morale
- **Financial:** Achieve debt service coverage > 1.25x
- **Community:** Continue South King County Fund, accelerate noise program
- **New Facilities:** Successfully open and operate International Arrivals Facility and North Satellite, Phase 2



# Highlights of Proposed Budget Additions

- Opening of IAF and NSAT Phase 2 drive new costs
- Many continuing initiatives are re-approved annually to manage scope and cost
- Virtual queuing included in FlyHealth@SEA
- Unfrozen FTEs – most planned hiring in second half of year

Description	Amount (\$000)
New facilities (IAF, NSAT Ph 2)	5,247
SAMP Environmental Review	900
Utility Master Plan	1,200
Planning	1,600
Asset Management	500
Pest Management & Wildlife	787
Consolidated Support Services	3,468
FlyHeathy@SEA	880
Renewable Natural Gas	979
New FTEs (unfreezing 18 and 2 new)	1,179
Other	1,994
Total	18,734

# Frozen FTEs Key to Budget Savings

	FTEs
Adjusted approved FTEs start of Budget	1,245.3
Frozen FTEs at start of Budget	-120.3
FTEs to add back in 2021	18.0
New FTE requests	2.0
Total FTEs in 2021 Budget	1,145.0
Net reduction	8.2%

120 Vacant FTEs when 2021 Budget process began:

- **102 vacant FTEs will remain frozen and unfunded in 2021 Budget**
- 18 positions from the vacant list were identified to “unfreeze” for hiring in 2021

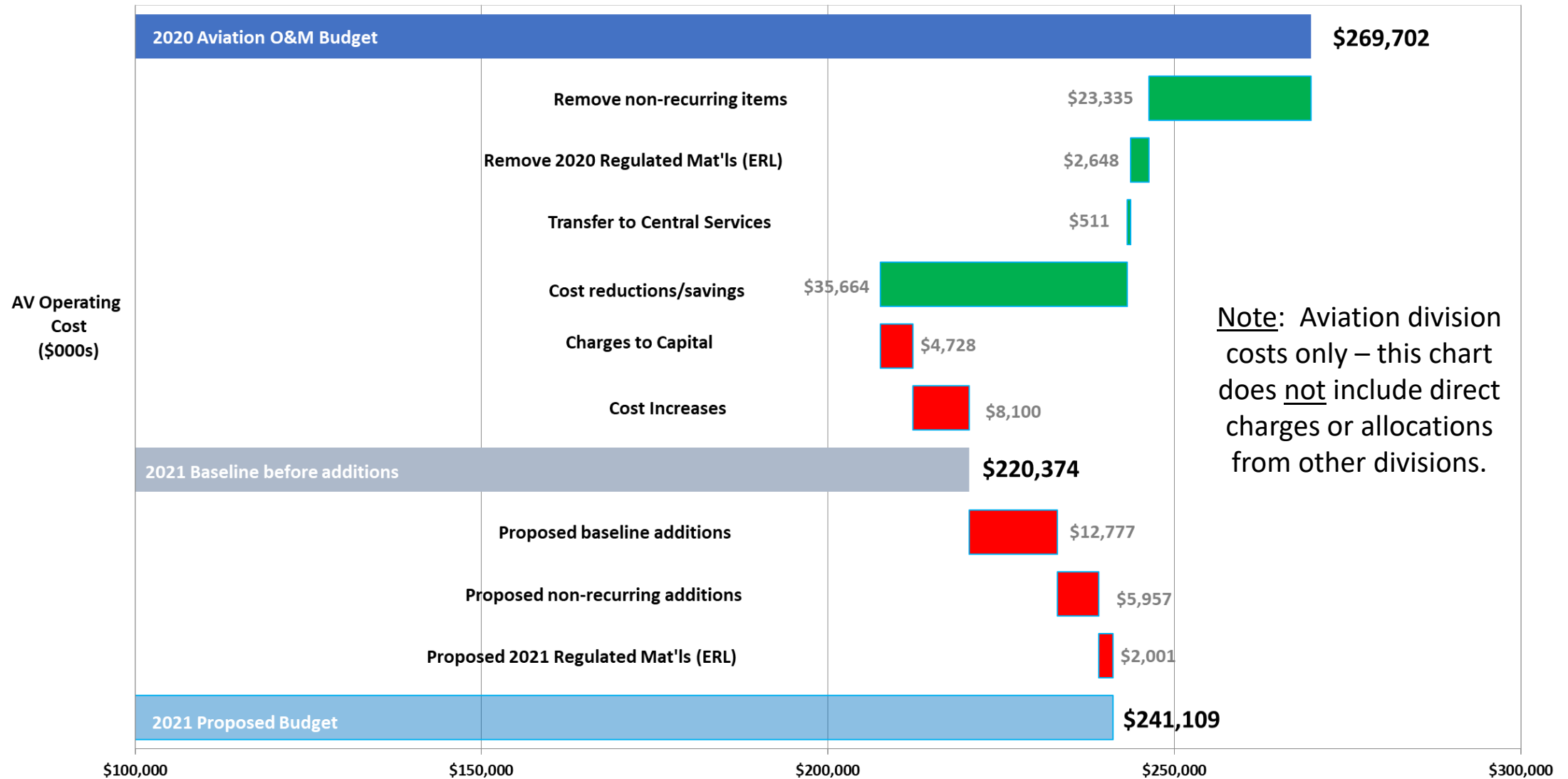
**Only 2 new FTEs for key functions:**

- Art program coordinator
- Biometric Analyst

# Budget Summary

Budget Summary (\$ in 000's)	2019	2020	2020	2020	2021	Inc/(Dec) from 2020 Approved Budget	
	Actual	Approved Budget	Revised Budget	Forecast	Proposed Budget	\$ Change	% Change
<b>Operating Revenue</b>							
Aeronautical Revenues	357,598	401,342	401,342	296,566	389,342	-12,000	-3.0%
Non-Aeronautical Revenues	269,037	283,167	135,074	116,394	191,637	-91,530	-32.3%
<b>Total Operating Revenues</b>	<b>626,636</b>	<b>684,510</b>	<b>536,416</b>	<b>412,960</b>	<b>580,980</b>	<b>-103,530</b>	<b>-15.1%</b>
<b>Total Operating Expenses</b>	<b>355,245</b>	<b>377,306</b>	<b>348,826</b>	<b>342,508</b>	<b>338,475</b>	<b>-38,831</b>	<b>-10.3%</b>
<b>Net Operating Income</b>	<b>271,390</b>	<b>307,203</b>	<b>187,589</b>	<b>70,452</b>	<b>242,504</b>	<b>-64,699</b>	<b>-21.1%</b>
<b>CPE</b>	12.86	13.92	13.92	27.43	19.73	5.81	0.42
<b>Non-Aero NOI (\$ in 000s)</b>	143,028	150,531	17,315	4,741	85,601	-64,931	-43.1%
<b>Enplaned passengers (in 000s)</b>	25,874	26,667	26,667	10,172	18,216	-8,451	-31.7%
<b>Capital Expenditures</b>	<b>573,598</b>	<b>513,131</b>	<b>489,182</b>	<b>535,937</b>	<b>464,234</b>	<b>-48,897</b>	<b>-9.5%</b>

# Aviation Operating Budget Changes





# Summary of Budget Requests

Budget Request Category	# of Requests	2021 Budget Requests (in \$000's)			
		FTEs	Baseline	Non-Recurring	Total
Health and Safety	8	1.0	273	215	488
Security	3	0.0	152	8	159
Employee Engagement	0	0.0	-	-	-
Community	4	2.0	176	43	219
Innovations and Efficiencies	2	1.0	152	-	152
Social Responsibility	1	0.0	-	55	55
Customer Experience	16	7.0	4,328	560	4,888
Environment and Sustainability	4	0.0	979	945	1,924
Financial Sustainability	6	2.0	249	450	699
Asset Management, Capital Development and Delivery	32	7.0	6,468	3,682	10,150
<b>2021 Budget Requests - Total Proposed</b>	<b>76</b>	<b>20.0</b>	<b>\$ 12,777</b>	<b>\$ 5,957</b>	<b>\$ 18,734</b>
<b>2021 Budget Requests - Initial Requested</b>	<b>121</b>	<b>38.65</b>	<b>\$ 18,156</b>	<b>\$ 12,612</b>	<b>\$ 30,768</b>

# Restored FTEs and **New FTE** Requests

AV Priority	Purpose/Outcome	FTEs
Health and Safety	1 Airfield Operations Specialist	1.0
Community	1 Noise Program Manager 1 <b>Art Program Coordinator (new)</b>	2.0
Innovations and Efficiencies	<b>1 Biometric Analyst (new)</b>	1.0
Customer Experience	5.5 Bus drivers (Rental Car & Employee Parking) 1.5 Public parking cashiers	7.0
Financial Sustainability	1 Sr. Manager, Airport Dining & Retail 1 Sr Manager, Aviation Properties	2.0
Asset Management, Capital Development and Delivery	1 Director of AV Facilities and Capital Programs 3 Engineering positions in the Facilities & Maintenance depts 1 Fire Protection Engineer 1 Baggage Systems Specialist 1 Laborer Parking/Fueler/Cleaner	7.0
Total		<b>20.0</b>

# Total Airport Expense Summary

Total Airport Expense Summary (\$ in 000's)	2019	2020	2020	2020	2021	Inc/(Dec) from 2020 Approved Budget	
	Actual	Approved Budget	Revised Budget	Forecast	Proposed Budget	\$ Change	% Change
<b>Operating Expenses</b>							
Payroll	144,051	160,340	156,826	157,377	153,324	-7,016	-4.4%
Outside Services	68,162	79,889	70,401	70,640	63,638	-16,252	-20.3%
Utilities	18,180	21,180	20,642	15,787	20,244	-936	-4.4%
Other Expenses	14,721	5,224	-1,682	581	1,498		
<b>Total Airport Direct Charges</b>	<b>245,114</b>	<b>266,634</b>	<b>246,187</b>	<b>244,384</b>	<b>238,704</b>	<b>-27,930</b>	<b>-10.5%</b>
Environmental Remediation Liability	15,900	2,648	878	-1,967	2,001	-647	-24.4%
Capital to Expense	2,089	0	0	32	0	0	
<b>Total Exceptions</b>	<b>17,989</b>	<b>2,648</b>	<b>878</b>	<b>-1,935</b>	<b>2,001</b>	<b>-647</b>	<b>-24.4%</b>
<b>Total Airport Expenses</b>	<b>263,104</b>	<b>269,282</b>	<b>247,065</b>	<b>242,449</b>	<b>240,705</b>	<b>-28,577</b>	<b>-10.6%</b>
Corporate	65,729	77,460	71,646	69,601	69,726	-7,734	-10.0%
Police	22,290	26,233	26,122	26,122	23,946	-2,287	-8.7%
Maritime/Economic Development/Other	4,123	4,332	3,994	4,335	4,098	-234	-5.4%
<b>Total Charges from Other Divisions</b>	<b>92,141</b>	<b>108,025</b>	<b>101,761</b>	<b>100,058</b>	<b>97,771</b>	<b>-10,254</b>	<b>-9.5%</b>
						<b>0</b>	
<b>Total Operating Expenses</b>	<b>355,245</b>	<b>377,306</b>	<b>348,826</b>	<b>342,508</b>	<b>338,475</b>	<b>-38,831</b>	<b>-10.3%</b>

# CARES Act Grant and PFCs Key to Achieving Financial Targets and Managing Customer Rates

## Airport Financial Priorities

- Maintain debt service coverage > 1.25x
- Increase cash balance target:
  - 12 months O&M for 2021
  - 18 months O&M by 2025
- Reduce 2020 year-end airline deficit (for year-end true-up)
- Mitigate airline rate increases in 2021
- Mitigate amount of needed Rental Car Customer Facility Charge increase

## Strategy

- Use CARES to boost debt service coverage for 2020 and 2021
- Target CARES to airline and non-airline cost centers for O&M and debt service to mitigate rate impacts
  - Includes RCF debt service
- Use income to build cash balance
- Use PFCs to pay debt service to maximize current airline rate benefit
- Use PFCs by cost center to manage airline rates

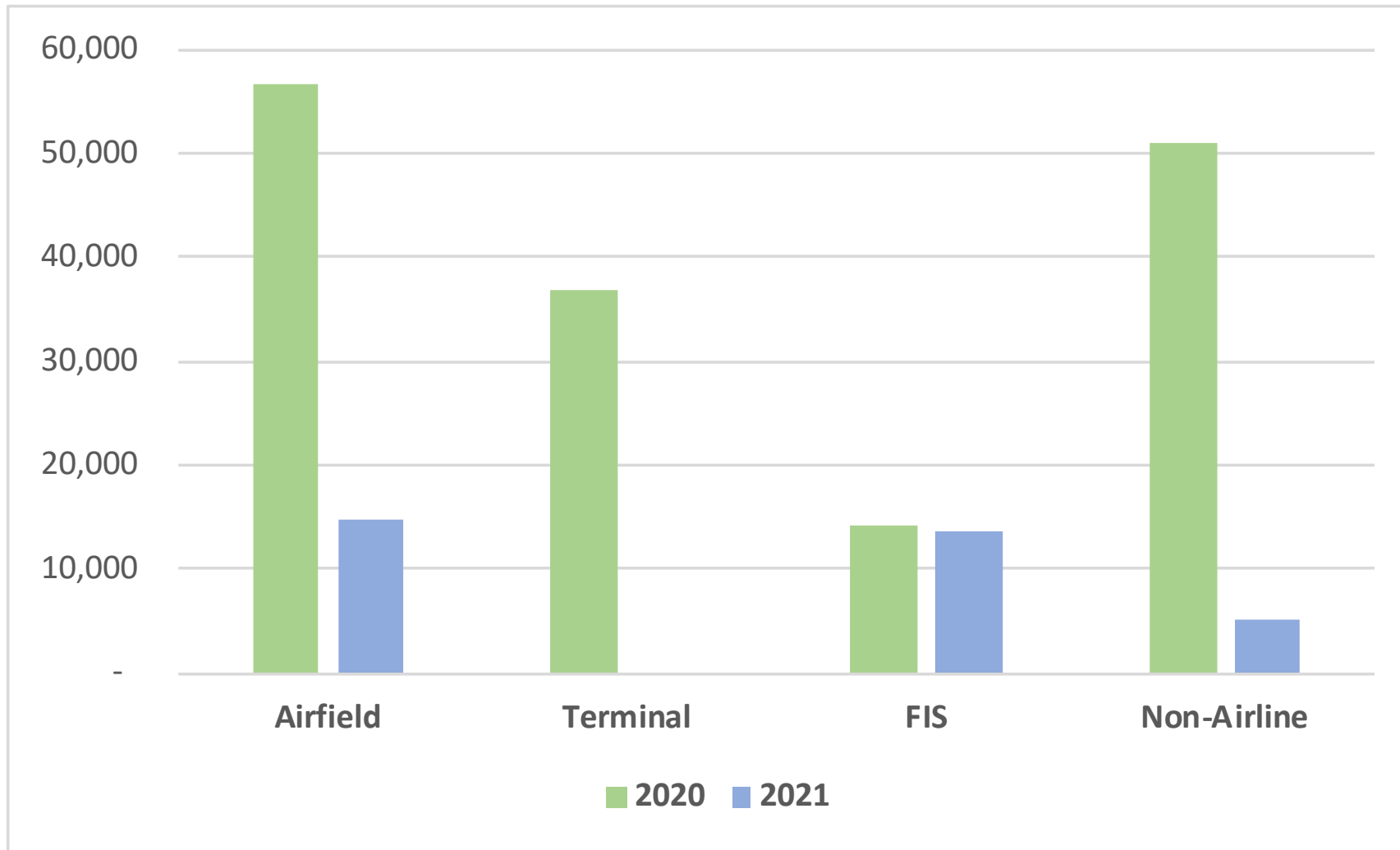


# CARES Act Grant Use Plan Impacts Aero Revenues

in \$000s	2020 Budget	2020 Fcst	2021 Bud
Aero revenues	401,340	296,566	389,342
Aero debt service coverage	-	-	-
Non aero revenues	283,167	116,684	191,637
Total operating revenues	684,507	413,250	580,979
Operating expense	377,306	342,508	338,475
Net operating income	307,201	70,742	242,504
CARES grant O&M		53,000	3,500
CARES grant Debt Service	-	105,901	29,732
Net operating income after CARES	307,201	229,643	275,736
<b>Key Measures</b>			
Debt service coverage	1.80	1.36	1.35
Cash (ADF) Balance (\$000)	314,000	280,000	321,303
Airline surplus/(deficit) (\$000)	-	(5,384)	N/A
CPE	\$ 13.23	\$ 26.21	\$ 19.69

- Debt service coverage > 1.25x assures no coverage surcharge
- CARES Act grant:
  - \$153.9M in 2020
  - \$33.2M in 2021
- Cash balance ~ 11 months O&M, can supplement with commercial paper

# CARES Act Grant By Cost Center



\$ in 000's	Total
Airfield	71,500
Terminal	36,803
FIS	27,830
Non-Airline	56,000
Total	192,133

Non-aero use includes  
\$15 million for RCF  
debt service to boost  
Customer Facility  
Charge fund

# PFC Use Plan: Background and Strategy

- Commission motion in May of 2015:
  - Established funding plan for International Arrivals Facility
  - Goal of preserving “level playing field” across airline rates
  - Maintain competitive FIS rate (international arrivals fee) vs. peer airports
  - Maintain competitive Landing fee and CPE
- 2019 Study of peer airport FIS rates – LAX at top with \$11 - \$12
- 2020 and 2021:
  - Airline rate “triage” given passenger decline
  - Peer airport comparisons not meaningful and/or not available
- Proposed plan recognizes activity-based rates (rather than square-foot based rates) are most stressed and need most mitigation
- Plan for 2023 and beyond will strive to manage rate increases in balanced manner

# PFC Alternative Use Plans

In \$000's	2020	Balanced Rate Growth			Scenario 1 (FIS, AF, TERM)			Scenario 2 (AF, TERM, FIS)			Scenario 3 (TERM, AF, FIS)		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Available PFC	\$ 51,273	\$ 73,061	\$ 92,019	\$ 101,234	\$ 73,061	\$ 92,019	\$ 101,234	\$ 73,061	\$ 92,019	\$ 101,234	\$ 73,061	\$ 92,019	\$ 101,234
<b>Use of PFCs:</b>													
PFC back bond - 3rd Runway	8,018	18,766	18,770	10,792	18,766	18,770	10,792	18,766	18,770	10,792	18,766	18,770	10,792
In-line Baggage				5,000			5,000			5,000			5,000
<b>Revenue Bond</b>													
PFC DS Offset (3RW)	26,412	19,875	18,898	10,655	15,777	20,924	17,177	26,296	20,924	17,177	25,058	20,924	17,177
PFC DS Offset (Terminal)	-	-	9,315	28,931	-	221	15,405	21,192	32,918	35,399	22,429	32,918	35,399
PFC DS Offset (IAF)	11,845	27,674	36,201	37,093	31,709	43,585	43,589	-	10,888	23,594	-	10,888	23,594
Total Debt Service Offset	38,257	47,549	64,414	76,679	47,486	64,730	76,171	47,487	64,730	76,171	47,487	64,730	76,171
PFC Ending Balance	\$ 4,999	\$ 6,746	\$ 8,835	\$ 8,764	\$ 6,809	\$ 8,519	\$ 9,271	\$ 6,808	\$ 8,519	\$ 9,271	\$ 6,808	\$ 8,519	\$ 9,271

- How best to use PFCs to manage rates consistent with 2015 Commission motion?
- Scenario 1 reflects what is currently in the 2021 preliminary budget – Prioritize FIS
- Balanced Rate Growth plan is the proposed plan:
  - Higher FIS fee, but lower Landing fee for 2021 and 2022
  - Aim for balanced rate growth for 2023 and beyond
  - Consistent with essence of 2015 Commission motion?
  - Will seek airline input

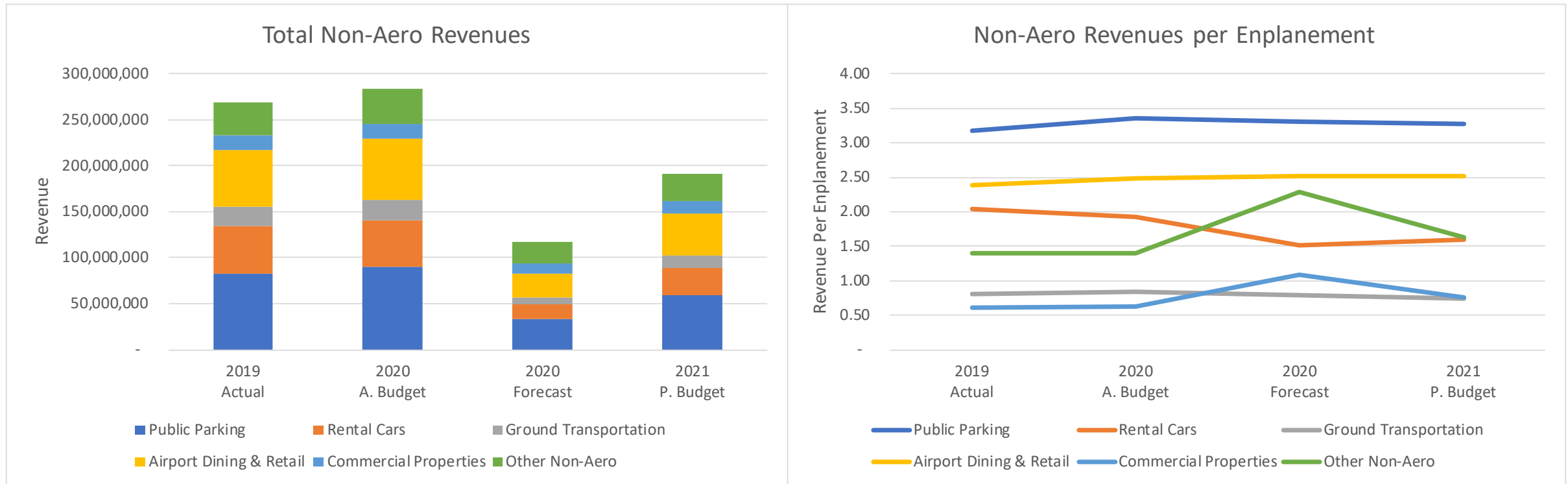


# PFC Proposed Use Plan Rates Impact

Rate Category	2020 Rate (budget)	Balanced Rate Growth			Scenario 1 (FIS, AF, TERM)			Scenario 2 (AF, TERM, FIS)			Scenario 3 (TERM, AF, FIS)		
		2021 Rate	2022 Rate	2023 Rate	2021 Rate	2022 Rate	2023 Rate	2021 Rate	2022 Rate	2023 Rate	2021 Rate	2022 Rate	2023 Rate
Landing Fee	4.08	4.88	4.39	4.60	5.06	4.33	4.39	\$ 4.61	\$ 4.33	\$ 4.39	\$ 4.67	\$ 4.33	\$ 4.39
Terminal Rental Rate	141.88	144.34	161.82	172.81	144.34	167.43	181.16	\$ 130.43	\$ 147.24	\$ 168.81	\$ 129.62	\$ 147.24	\$ 168.81
FIS Fee	8.69	19.00	21.13	22.12	15.34	17.14	18.64	\$ 44.08	\$ 34.81	\$ 29.36	\$ 44.08	\$ 34.81	\$ 29.36
Landing Fee		20%	-10%	5%	24%	-14%	1%	13%	-6%	1%	14%	-7%	1%
Terminal Rental Rate		2%	12%	7%	2%	16%	8%	-8%	13%	15%	-9%	14%	15%
FIS Fee		119%	11%	5%	77%	12%	9%	407%	-21%	-16%	407%	-21%	-16%
DS coverage		1.35	1.40	1.45	1.35	1.40	1.44	1.38	1.43	1.45	1.38	1.43	1.45
CPE		19.70	19.21	19.21	19.68	19.68	19.12	19.99	19.44	19.31	20.00	19.44	19.31
ADF/Cash Ending Balance		321,303	396,882	498,218	321,303	394,782	492,958	325,866	406,975	509,981	353,689	435,285	538,787

- Balanced Rate Growth performs “Triage” 2021-2022 until activity normalizes
  - 2021: FIS Fee Target is \$19 in order to keep the landing fee below \$5
  - 2022: Landing Fee adjusted down to partially offset 20% prior year growth
  - 2023+: Comparable annual rate changes among cost centers
- Scenarios 1-3:
  - Disparity among annual rate changes
  - Debt structure or future debt creates volatility in future years

# Non-Aero Revenue By Business Unit



## Non-Aero Revenue overview:

- **Non-Aero revenue based on concession fees** or transaction volume (Parking, Rental Car, GT, ADR, Clubs & Lounges, In-flight Kitchens) are **closely aligned with the change in passenger volume**
- Commercial Properties and other Non-Aero line of business with revenue from **space rent for real estate leases** were **relatively unaffected** by the COVID-19 decline in enplanements

# Non-Aero NOI

Non-Aeronautical NOI (\$ in 000's)	2019	2020	2020	2020	2021	Inc/(Dec) from 2020 Approved Budget	
	Actual	Approved Budget	Revised Budget	Forecast	Proposed Budget	\$ Change	% Change
<b>Non-Aeronautical Revenues</b>							
Public Parking	82,125	89,485	40,813	33,598	59,597	-29,888	-33.4%
Rental Cars	52,567	51,149	19,209	15,363	28,947	-22,203	-43.4%
Ground Transportation	20,765	22,299	11,092	7,701	13,628	-8,671	-38.9%
Airport Dining & Retail	61,615	66,145	27,753	25,545	45,951	-20,193	-30.5%
Other	51,966	54,089	36,207	34,187	43,514	-10,575	-19.6%
<b>Total Non-Aeronautical Revenues</b>	<b>269,037</b>	<b>283,167</b>	<b>135,074</b>	<b>116,394</b>	<b>191,637</b>	<b>-91,530</b>	<b>-32.3%</b>
<b>Total Non-Aeronautical Expenses</b>	<b>118,286</b>	<b>128,508</b>	<b>113,631</b>	<b>111,653</b>	<b>106,037</b>	<b>-22,471</b>	<b>-17.5%</b>
<b>Non-Aeronautical NOI</b>	<b>150,752</b>	<b>154,660</b>	<b>21,443</b>	<b>4,741</b>	<b>85,601</b>	<b>-69,059</b>	<b>-44.7%</b>
Less: CFC Surplus	0	0	0	0	0	0	
<b>Adjusted Non-Aeronautical NOI</b>	<b>150,752</b>	<b>154,660</b>	<b>21,443</b>	<b>4,741</b>	<b>85,601</b>	<b>-69,059</b>	<b>-44.7%</b>
Debt Service	-49,299	-50,064	-50,064	-28,998	-53,025	-2,961	5.9%
<b>Net Cash Flow</b>	<b>101,453</b>	<b>104,596</b>	<b>-28,621</b>	<b>-24,257</b>	<b>32,576</b>	<b>-72,020</b>	<b>-68.9%</b>

# Aeronautical Cost Drivers

\$ in 000's	2020	2020	2021	Impact on Aero Revenues		Impact on Aero Revenues	
	Budget	Forecast	Budget	Budget Change		Budget vs Forecast	
				\$	%	\$	%
O&M <sup>(1)</sup>	242,981	223,820	225,094	(17,887)	-7.4%	1,273	0.6%
CARES Grant O&M	-	(33,000)	(3,500)	(3,500)		29,500	-89.4%
Net O&M	242,981	190,820	221,594	(21,387)	-8.8%	30,773	16.1%
Debt Service Gross	174,455	169,107	193,302	18,847	10.8%	24,195	14.3%
Debt Service PFC Offset	(62,998)	(38,363)	(47,216)	15,783	-25.1%	(8,852)	23.1%
CARES Grant Debt Service	-	(69,157)	(24,732)	(24,732)		44,426	-64.2%
Net Debt Service	111,457	61,586	121,355	9,898	8.9%	59,769	97.0%
Amortization	32,326	32,493	32,681	355	1.1%	188	0.6%
Space Vacancy	(490)	(1,099)	(1,141)	(651)	133.0%	(42)	3.8%
TSA Operating Grant and Other	(1,028)	(3,728)	(758)	270	-26.3%	2,970	-79.7%
<b>Rate Base Revenues</b>	<b>385,246</b>	<b>280,072</b>	<b>373,730</b>	<b>(11,515)</b>	<b>-3.0%</b>	<b>93,658</b>	<b>33.4%</b>
Commercial area	16,097	16,493	15,612	(485)	-3.0%	(881)	-5.3%
<b>Total Aero Revenues</b>	<b>401,343</b>	<b>296,566</b>	<b>389,342</b>	<b>(12,000)</b>	<b>-3.0%</b>	<b>92,777</b>	<b>31.3%</b>

(1) O&M, Debt Service Gross, and Amortization do not include commercial area costs or the international incentive expenses

- O&M increased costs offset by reductions based on activity and focus on mission critical items.
- Capital costs driven by debt service on new facilities.
- Aero Portion of CARES Grant current usage for 10/13/20 Commission Presentation is \$102K in 2020 and \$28K in 2021 within DS and O&M

# Aeronautical NOI

Aeronautical NOI  (\$ in 000's)	2019	2020	2020	2020	2021	Inc/(Dec) from 2020 Approved Budget	
	Actual	Approved Budget	Revised Budget	Forecast	Proposed Budget	\$ Change	% Change
<b>Rate Base Revenues</b>							
Airfield Movement Area	123,436	132,128	132,128	76,857	122,884	-9,245	-7.0%
Airfield Apron Area	22,016	22,011	22,011	14,430	20,775	-1,237	-5.6%
Terminal Rents	205,283	212,943	212,943	184,334	212,861	-82	0.0%
Federal Inspection Services (FIS)	12,321	18,162	18,162	4,452	17,211	-951	-5.2%
<b>Total Rate Base Revenues</b>	<b>363,057</b>	<b>385,245</b>	<b>385,245</b>	<b>280,072</b>	<b>373,730</b>	<b>-11,515</b>	<b>-3.0%</b>
Airfield Commercial Area	11,687	16,097	16,097	16,493	15,612	-485	-3.0%
<b>Subtotal before Revenue Sharing</b>	<b>374,744</b>	<b>401,342</b>	<b>401,342</b>	<b>296,566</b>	<b>389,342</b>	<b>-12,000</b>	<b>-3.0%</b>
Revenue Sharing	-17,146	0	0	0	0	0	
<b>Total Aeronautical Revenues</b>	<b>357,598</b>	<b>401,342</b>	<b>401,342</b>	<b>296,566</b>	<b>389,342</b>	<b>-12,000</b>	<b>-3.0%</b>
<b>Total Aeronautical Expenses</b>	<b>236,959</b>	<b>248,799</b>	<b>235,196</b>	<b>230,854</b>	<b>232,439</b>	<b>-16,360</b>	<b>-6.6%</b>
<b>Aeronautical NOI</b>	<b>120,639</b>	<b>152,544</b>	<b>166,147</b>	<b>65,711</b>	<b>156,904</b>	<b>4,360</b>	<b>2.9%</b>
Debt Service	-110,945	-121,410	-121,410	-65,444	-130,749	-9,339	7.7%
<b>Net Cash Flow</b>	<b>9,694</b>	<b>31,134</b>	<b>44,737</b>	<b>267</b>	<b>26,155</b>	<b>-4,979</b>	<b>-16.0%</b>



# 2021 Budget Open Issues

The following items are not yet reflected in the 2021 Budget:

- SAMS (Surface Area Management System) – new airfield software licensing costs **~\$1.1M**
- Existing software licensing contracts transferred from ICT budget, but not yet added to Aviation division **~\$520K**
- Pending contract negotiations with Smarte Carte for new luggage carts and cart service in IAF **~ \$670K**

# 2020 Operating Budget Risks

- Recovery path; impact on non-aero revenues; uncertainty
- Managing recovery:
  - Physical distancing and limited space pre-security
  - Health screening?
  - New requirements, new costs?
- Achieving labor savings
- No contingency in budget

# Financial Forecast 2020 - 2025

In \$000's	Forecast 2020	Budget 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Airline Revenue	\$ 296,566	\$ 389,342	\$ 469,671	\$ 517,527	\$ 564,576	\$ 597,673
Non-Airline Revenue	116,394	191,637	241,627	264,112	276,874	288,017
Total Revenue	\$ 412,960	\$ 580,980	\$ 711,298	\$ 781,639	\$ 841,450	\$ 885,689
Operating Expense	342,508	338,475	377,552	394,886	406,733	418,935
Net Operating Income	\$ 70,452	\$ 242,504	\$ 333,746	\$ 386,752	\$ 434,717	\$ 466,754
CARES grant Non-Op Revenue	53,000	3,500	-	-	-	-
Net Non-Operating Income/Expense	4,741	2,543	7,032	9,167	10,654	10,909
CFC Excess*	-	-	(3,909)	(7,041)	(6,682)	(5,755)
Available for Debt Service	\$ 128,193	\$ 248,548	\$ 336,869	\$ 388,878	\$ 438,690	\$ 471,908
Gross Debt Service (net of cap i)	\$ 252,602	\$ 279,880	\$ 321,647	\$ 374,145	\$ 429,480	\$ 471,459
CFC Offset	(13,928)	(19,153)	(24,411)	(24,659)	(26,905)	(29,152)
PFC Offset	(38,363)	(47,216)	(64,414)	(76,564)	(81,437)	(97,887)
CARES grant debt service offset	(105,901)	(29,732)	-	-	-	-
Net Debt Service	\$ 94,409	\$ 183,779	\$ 232,822	\$ 272,921	\$ 321,138	\$ 344,420
Net Cash Flow	\$ 33,784	\$ 64,768	\$ 104,046	\$ 115,957	\$ 117,551	\$ 127,489
<b>Key Measures (not in \$000's)</b>						
Debt Service Coverage	1.36	1.35	1.45	1.42	1.37	1.37
Passenger Airline CPE	\$ 27.43	\$ 19.69	\$ 19.22	\$ 19.56	\$ 20.49	\$ 21.18
Debt per Enplaned Passenger	\$ 336	\$ 198	\$ 180	\$ 184	\$ 201	\$ 211
Cash Balance - Months of O&M	9	12	14	16	18	18
* CFC collection in excess of CFC debt service/O&M is restricted and cannot be used for other revenue bond debt service						

## Forecast assumes:

- Recovery to 2019 passenger levels in 2024
- Maintaining adequate debt service coverage
- Plan to increase targeted cash balance from 10 to 18 months of O&M by 2025. Will adjust cash funded capital budget and/or issue commercial paper to achieve target.

# Budget Summary

- Conservative operating budget
- Preserve jobs
- Fund strategic priorities
- Plan to review and adjust budget (up or down) quarterly based on recovery
- Continue to invest in airport capital improvements, support the economic recovery
- Plan for bond issue in 2021 to fund capital program, achieve refunding savings

## APPENDIX – AVIATION DIVISION

# Aviation Appendix Contents

- Operating Budget
  - Explanation of Baseline Budget Changes
  - ERL summary
  - 2021 Budget Request – detail listing
  - FTE summary of key changes
  - Operating Expense summary
  - Non-aeronautical revenue budgets by business unit
- Capital Budget

# **BUDGET MANAGEMENT: BASELINE BUDGET CHANGES**



# SUMMARY OF 2021 BUDGET CHANGES

Removed 2020 non-recurring expense	(23,335)
Baseline transferred to Central Svcs	(511)
2021 Reductions/Savings in baseline budget	(35,664)
2021 Increases in Charges to Capital	4,728
2021 Increases to baseline budget	8,100
Exceptions: Change in Regulated Materials	(647)
<b>Budget Reduction before new Budget Requests</b>	<b>(47,327)</b>
Proposed 2021 additions (baseline)	12,777
Proposed 2021 additions (non-recurring)	5,957
<b>Subtotal - new Budget Requests</b>	<b>18,734</b>
<b>Incremental Budget Change - Total O&amp;M</b>	<b>(28,593)</b>

# Change in Charges to Capital

**2021 Charges to Capital Increase from 2020 Approved Budget:** **\$000's**

Higher estimated Charges to Capital

AVPMG increased Charges to Capital	3,545	
CSS increased Charges to Capital	805	
AVM increased Charges to Capital	332	
All other Aviation increases in Charges to Capital	46	
<b>Total Increase in Charges to Capital</b>		<b>4,728</b>

# Cost Reductions

<b>2021 Baseline Cost Reductions/Savings:</b>		<b>\$000's</b>
<u>Payroll Savings (before new FTE requests)</u>		
Vacant positions (102.3) frozen & unfunded in 2021 Budget	10,336	
Vacant positions (18) unfunded prior to Budget Request to "unfreeze"	2,289	
Reduction in overtime assumption for 2021	1,163	
All other payroll savings	174	
<b>Total Payroll Decreases</b>		<b>13,962</b>
<u>Non-Payroll Savings (zero based budgeting)</u>		
Reduction in AVPMG recurring outside services costs	5,224	
AV Maintenance non-payroll cost reductions	2,770	
VIP Hospitality/FSS service contract removed (new budget request)	2,670	
Reduction in Clubs & Lounges operating expenses due to lower activity	2,002	
Reduction in utility expense (before RNG Budget Request)	1,909	
Reduction in Travel & Other Employee expenses	1,816	
Reduction in Furniture & Equip Acquisition expense	756	
Reduction in Credit Card Fees related to lower revenue	731	
AV Environmental non-payroll cost reductions	673	
Reduction in Workers Compensation expense	314	
Other non-payroll savings (zero based budgeting)	2,836	
<b>Total Non-Payroll Baseline Savings</b>		<b>21,702</b>
<b>Total 2021 Baseline Cost Reductions</b>		<b>35,664</b>

# Cost Increases

## 2021 Baseline Cost Increases compared to 2020 Approved Budget:

\$000's

### Payroll Increases (before new FTE requests)

Payroll Vacancy (1.5% vacancy assumption in 2021 Budget after leaving 102 FTEs vacant/unfunded vs. 3.0% vacancy assumption in 2020 Budget)	2,100	
Annualized new FTE's approved in the 2020 Budget	1,721	
Pay increase from Represented labor contracts executed after 2020 Budget approved	1,293	
Annualized new FTE's approved mid-year 2020	265	
All other Grade/Equity Changes - Non-Represented	467	
All other Grade/Equity Changes - Represented	202	
All other payroll increase/adjustments	8	
<b>Total Baseline Payroll Increases</b>		<b>6,055</b>

### Non-Payroll Baseline Increases (before new Budget Requests)

Janitorial contractual increase	1,545	
Required IAF connectivity cost for U.S. Customs & Border Protection	309	
All other non-payroll increase/adjustments	191	
<b>Total Baseline Non-Payroll Increases</b>		<b>2,045</b>

## **Total 2020 Baseline Cost Increases**

**8,100**

# Environmental Remediation Liability Expense

ERL Expense <i>Org Basis (in 000's)</i>	2018	2019	2020	2020	2020	2021	Budget Change		2021 Budget vs.	
	Actual	Actual	A. Budget	R. Budget	Forecast	Budget	2021 B v 2020 A Bud		2020 Forecast	
							\$	%	\$	%
<b>North Satellite</b>										
Asbestos	1,029	10,744			(15)		-	n/a	15	-100.0%
Contaminated Soils	70	3,585			(1,364)		-	n/a	1,364	-100.0%
<b>NSAT - ERL Expense</b>	<b>1,099</b>	<b>14,329</b>	<b>-</b>	<b>-</b>	<b>(1,378)</b>	<b>-</b>	<b>-</b>	<b>n/a</b>	<b>1,378</b>	<b>-100.0%</b>
<b>South Satellite</b>										
SSAT - Structural	517	0					-	n/a	-	n/a
SSAT - HVAC Infrastructure Upgrade		4,323					-	n/a	-	n/a
<b>SSAT - ERL Expense</b>	<b>517</b>	<b>4,323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>n/a</b>	<b>-</b>	<b>n/a</b>
<b>International Arrivals Facility</b>										
Asbestos	1,337	(767)					-	n/a	-	n/a
Contaminated Soils	2,465	(1,092)	264	265	230		(264)	n/a	(230)	-100.0%
<b>IAF - ERL Expense</b>	<b>3,802</b>	<b>(1,860)</b>	<b>264</b>	<b>265</b>	<b>230</b>	<b>-</b>	<b>(264)</b>	<b>n/a</b>	<b>(230)</b>	<b>-100.0%</b>
Airport Employee Services Ctr			1,067			1,067	-	n/a	1,067	n/a
Terminal - window bomb blast glazing	500						-	n/a	-	n/a
Baggage Optimization Phase 2						316	316	n/a	316	n/a
Phase 2 eGSE charging stations			477	300		502	25	5.2%	502	n/a
Lora Lake (lake parcel)	(120)	(1,066)			(1,893)		-	n/a	1,893	-100.0%
All other RMM expense	434	174	840	313	1,074	116	(724)	-86.2%	(958)	-89.2%
<b>Total ERL Expense</b>	<b>6,233</b>	<b>15,900</b>	<b>2,648</b>	<b>878</b>	<b>(1,967)</b>	<b>2,001</b>	<b>(647)</b>	<b>-24.4%</b>	<b>3,968</b>	<b>-201.7%</b>

# BUDGET REQUESTS

# Summary of Proposed Budget Additions

	<u>Requests</u>	<u>Approved</u>
<b>Expense Items</b>		
Number	121	76
Cost (\$000)	30,768	18,734
<b>FTEs</b>		
Unfreeze	36.4	18.0
New	2.0	2.0
<b>Total</b>	<u>38.4</u>	<u>20.0</u>

<u>Category</u>	<u>Number</u>	<u>Amount</u>
Musts	20	4,749
WIGs	32	10,549
PIGs	22	3,377
Other	2	59
<b>Total</b>	<u>76</u>	<u>18,734</u>

**WIGs** = Wildly important goals (top strategic priorities)

**PIGs** = Pretty important goals (other strategic priorities)



# New Requests vs. Restored/Continuation of work

Budget Request Classification	Budget Request Description	FTE	Baseline	Non-Recurring	Total
Restore baseline	Unfreeze vacant FTEs	18.0	1,048		1,048
	Restore RNG baseline reduced in 2020 Revised Budget		659		659
	All other restored baseline		603		603
<b>Restore baseline Total</b>		<b>18.0</b>	<b>2,310</b>	<b>-</b>	<b>2,310</b>
New baseline	Airport Consolidated Contract Support Services		3,468		3,468
	IAF - New Custodial Service		3,600		3,600
	NSAT - New Custodial Service		750		750
	NSAT Elevator/Escalator Preventive Maint Contract		596		596
	Unified Pest Management Contract Support		627		627
	Renewal Natural Gas - increase to baseline		320		320
	Terminal Hand Sanitizer Refills		300		300
	See Say Airport Security App		128		128
	New FTEs	2.0	130		130
	All other new baseline		549		549
<b>New baseline Total</b>		<b>2.0</b>	<b>10,467</b>	<b>-</b>	<b>10,467</b>
Non-recurring funding continuation	On-Call Planning - defined expense project work			1,600	1,600
	Utility Master Planning			1,200	1,200
	SAMP near-term project environmental review			900	900
	Asset Management Program Development			500	500
	2021 New Air Service Incentive - specified routes			450	450
	All other non-recurring funding continuation			675	675
<b>Total Non-Recurring Funding Continuation</b>				<b>5,325</b>	<b>5,325</b>
<b>Total New Non-recurring Budget Requests</b>				<b>632</b>	<b>632</b>
<b>Total 2021 Budget Requests</b>		<b>20.0</b>	<b>12,777</b>	<b>5,957</b>	<b>18,734</b>

# Summary of Budget Requests

Budget Request Category	# of Requests	2021 Budget Requests			
		FTEs	Baseline	Non-Recurring	Total
Health and Safety	8	1.0	272,557	215,000	487,557
Security	3	0.0	151,500	7,500	159,000
Employee Engagement	0	0.0	-	-	-
Community	4	2.0	176,482	42,500	218,982
Innovations and Efficiencies	2	1.0	152,477	-	152,477
Social Responsibility	1	0.0	-	55,000	55,000
Customer Experience	16	7.0	4,327,975	559,540	4,887,515
Environment and Sustainability	4	0.0	978,842	945,000	1,923,842
Financial Sustainability	6	2.0	249,214	450,000	699,214
Asset Management, Capital Development and Delivery	32	7.0	6,468,092	3,682,325	10,150,417
<b>2021 Budget Requests - Total Proposed</b>	<b>76</b>	<b>20.0</b>	<b>\$ 12,777,139</b>	<b>\$ 5,956,865</b>	<b>\$ 18,734,004</b>
<b>2021 Budget Requests - Initial Requested</b>	<b>121</b>	<b>38.65</b>	<b>\$ 18,155,604</b>	<b>\$ 12,612,472</b>	<b>\$ 30,768,076</b>

# Budget Requests: Health and Safety

AV Priority	Problem/Need/Opportunity	Solution	2021 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Health and Safety	Maintain and Improve Safety of Airport Operations Area	Airfield Behavior Based Safety Training Program - Propulo	-	151,120	-	151,120
		Annual Membership Fee for Global Biorisk Advisory Council (GBAC) Accreditation	-	10,000	-	10,000
		Cargo Facilities Fire Code Consulting	-	-	35,000	35,000
		Fire Department - Bunker Gear Replacement	-	-	80,000	80,000
		Fire Department - Live Fire Training	-	50,000	-	50,000
		Hire Airfield Ops Specialist backfill	1.0	59,037	-	59,037
		Fire Department - Live Fire Training - prop rental	-	2,400	-	2,400
	Reduce Wildlife Strikes	New Consolidated Wildlife Management Contract	-	-	100,000	100,000
Health and Safety Total			1.0	\$ 272,557	\$ 215,000	\$ 487,557

# Budget Requests: Security

AV Priority	Problem/Need/Opportunity	Solution	2021 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Security	Maintain and Enhance Overall Security at the Airport	Regulatory "No Fly" monitoring contract	-	24,000	-	24,000
		SEA Safety Act Certification Application Maintenance	-	-	7,500	7,500
		See Say Airport Security App	-	127,500	-	127,500
Security Total			0.0	\$ 151,500	\$ 7,500	\$ 159,000

# Budget Requests: Community

AV Priority	Problem/Need/Opportunity	Solution	2021 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Community	Airport Noise Mitigation	Ground Noise Study	-	-	37,500	37,500
		Hire a Noise Program Manager	1.0	121,982	-	121,982
	Maintain Airport Art	Engage an Art Consultant	-	-	5,000	5,000
		Hire an Art Coordinator	1.0	54,500	-	54,500
Community Total			2.0	\$ 176,482	\$ 42,500	\$ 218,982

# Budget Requests: Innovations and Efficiencies

AV Priority	Problem/Need/Opportunity	Solution	2021 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Innovations and Efficiencies	Passenger Processing and Safety	Biometric Air Exit Vendor Support	-	76,725	-	76,725
		Hire a Biometrics Analyst	1.0	75,752	-	75,752
Innovations and Efficiencies Total			1.0	\$ 152,477	\$ -	\$ 152,477

# Budget Requests: Social Responsibility

AV Priority	Problem/Need/Opportunity	Solution	2021 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Social Responsibility	Need to comply with FAA ACDBE requirements	Hire ADR consultant to assist with preparation of Triannual report and review of joint venture agreements	-	-	55,000	55,000
Social Responsibility Total			0.0	\$ -	\$ 55,000	\$ 55,000



# Budget Requests: Customer Experience

			2021 Budget Requests			
AV Priority	Problem/Need/Opportunity	Solution	FTEs	Baseline	Non-Recurring	Total
Customer Experience	FlyHealthy	Electronic Restroom Alert	-	-	15,840	15,840
		Optiqo Quality Control Systems	-	-	23,700	23,700
		Terminal Hand Sanitizer Refills	-	300,000	-	300,000
		Touchless CUSS Kiosk Bag Tag Printing	-	58,500	-	58,500
		Virtual Queuing	-	-	300,000	300,000
	Support Recovery of Operations	BAGS INC - Rental Car Curbside Assistance	-	180,000	-	180,000
		Hire 3 bus drivers	3.0	112,700	-	112,700
		Hire Bus Drivers - Employee Parking	2.5	99,239	-	99,239
		Hire Cashiers (PSRR) - Public Parking	1.5	55,036	-	55,036
Continued on next slide						

# Budget Requests: Customer Experience, ctd.

AV Priority	Problem/Need/Opportunity	Solution	2021 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Customer Experience, ctd.	Consolidation of existing contracts to gain flexibility with contract employee staffing	ACCS - Airport Consolidated Contract Support Services - Ground Transportation Portion	-	332,500	-	332,500
		ACCS - Airport Consolidated Contract Support Services - International Arrival Facility Portion	-	1,567,500	-	1,567,500
		ACCS - Airport Consolidated Contract Support Services - Terminal Portion	-	1,567,500	-	1,567,500
	Processing Passengers	Cruise season wheelchair assistance	-	55,000	-	55,000
		Maul Foster & Alongi - Taxi Outreach	-	-	50,000	50,000
	Strategic Customer Experience Improvements	Quality Assurance : Confidential Customer Program	-	-	140,000	140,000
		Skytrax 2021 Terminal Audit	-	-	30,000	30,000
	Customer Experience Total		7.0	\$ 4,327,975	\$ 559,540	\$ 4,887,515

# Budget Requests: Environment & Sustainability

AV Priority      Problem/Need/Opportunity      Solution			2021 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Environment and Sustainability	Be the Greenest and Most Energy-Efficient Port in North America	RNG for Boiler and CNG Operations	-	659,167	-	659,167
		RNG for Boiler and CNG Operations - New Baseline	-	319,675	-	319,675
	Environmental Compliance	Flight Corridor Safety Program Site Restoration	-	-	45,000	45,000
		Sustainable Airport Master Plan (SAMP) Near-Term Projects (NTP) environmental review	-	-	900,000	900,000
Environment and Sustainability Total			0.0	\$ 978,842	\$ 945,000	\$ 1,923,842

# Budget Requests: Financial Sustainability

AV Priority	Problem/Need/Opportunity	Solution	2021 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Financial Sustainability	Air Service Development	New Air Service Incentive Program - Existing Eligible Services (Cathay Pacific & Singapore)	-	-	250,000	250,000
		New Air Service Incentive Program - American Airlines (London)	-	-	200,000	200,000
	Increase Non-Aeronautical Revenue	Hire a Senior Manager ADR	1.0	106,149	-	106,149
		Hire a Senior Manager Aviation Properties	1.0	53,065	-	53,065
		Multi-prong SEA revenue advertising via Pre Booking System Advertising channels	-	60,000	-	60,000
		Parking advertising	-	30,000	-	30,000
	Financial Sustainability Total		2.0	\$ 249,214	\$ 450,000	\$ 699,214

# Budget Requests: Asset Management, Capital Development and Delivery

AV Priority		Problem/Need/Opportunity	Solution	2021 Budget Requests			
				FTEs	Baseline	Non-Recurring	Total
Asset Management, Capital Development and Delivery	Meet the Maintenance Needs and Standards of the Existing Facilities	Cable Television System Asset Renewal and Critical Spares	-	-	24,825	24,825	
		Cargo Facilities Small Works Contracting	-	-	100,000	100,000	
		Civil System Support	-	50,000	-	50,000	
		Controls service for new systems installed for Baggage Optimization Project	-	20,000	-	20,000	
		Controls service for new systems installed for the International Arrivals Facility	-	38,000	-	38,000	
		Hire a Baggage Systems Specialist	1.0	69,498	-	69,498	
		Hire a Fire Protection Engineer	1.0	23,204	-	23,204	
		Hire a Laborer Parking/Fueler Cleaner	1.0	51,362	-	51,362	
		Hire a Operating Maint Engineer	1.0	39,088	-	39,088	
		Replace Vitra Glides on Holdroom Seats	-	-	24,500	24,500	
		Terminal Waste Receptacles for NSTAR	-	118,000	-	118,000	
		Air Cargo Road Traffic Signal Annual Maintenance	-	15,000	-	15,000	
		Hire AV F&I Prinicpal Engineer	1.0	47,810	-	47,810	
		Hire AV F&I Senior Engineer - Civil	1.0	86,025	-	86,025	
		Continued on next slide					

# Budget Requests: Asset Management, Capital Development and Delivery, ctd.

AV Priority      Problem/Need/Opportunity      Solution			2021 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Asset Management, Capital Development and Delivery, ctd.	Operate and Maintain New Facilities	IAF Contractor Move & Relocate Furniture, etc.	-	-	20,000	20,000
		IAF Custodial Service for 2021	-	3,600,000	-	3,600,000
		NSAT Elevator Escalator Preventive Maint Contract	-	596,000	-	596,000
		Promo Hosting - IAF Grand Opening	-	-	50,000	50,000
		Promo Hosting - NSAT Grand Opening	-	-	50,000	50,000
		VMS and Access Control for CBP - IAF	-	25,048	-	25,048
		Zone 2 – North Satellite Custodial Service for 2021 for NSTAR expansion	-	750,000	-	750,000
	Planning for Future Facilities Needs	Hire a director of Facilities and Capital Programs	1.0	124,057	-	124,057
		On-Call Planning	-	-	1,400,000	1,400,000
		On-Call Planning	-	-	200,000	200,000
		Transoft Increase	-	-	3,000	3,000
		Utility Master Planning	-	-	1,200,000	1,200,000
Continued on next slide						

# Budget Requests: Asset Management, Capital Development and Delivery, ctd.

AV Priority	Problem/Need/Opportunity	Solution	2021 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Asset Management, Capital Development and Delivery, ctd.	Implement Operational Readiness and Airport Transition (ORAT)	CITRI ORAT Software Renewal (Amortized)	-	163,000	-	163,000
	Meet or Exceed Requirements for Stormwater Leaving Port-Owned or Operated Facilities	IWS Lagoon Liner Condition Assessment and Repair Program	-	-	50,000	50,000
		Light Rail Stormwater Vault Treatment Cleaning	-	25,000	-	25,000
	Pest Control and Waste Management	Unified Pest Management Contract Support	-	627,000	-	627,000
		Unified Pest Management Coordinator Consultant Funding Q1/Q2	-	-	60,000	60,000
	Strategic Asset Management	Asset Management Program Development	-	-	500,000	500,000
Asset Management, Capital Development and Delivery Total			7.0	\$ 6,468,092	\$ 3,682,325	\$ 10,150,417

# FTE SUMMARY AND DETAILED REQUESTS



# 2021 FTE Reconciliation

<b>2021 Proposed Budget FTEs</b>	<b>FTEs</b>	<b>%</b>
<b>2020 Approved Budget</b>		
Aviation division FTEs	1,207.28	
Central Services FTE's transferred to Aviation division (Aviation COE positions)	43.25	
<b>2020 Approved Budget in AV presentation</b>	<b>1,250.53</b>	
<b>2020 Changes in FTEs during the year</b>		
2020 mid-year FTE additions - AV division	2.00	
Intern FTEs transferred to HR/Central Services	(7.25)	
<b>2020 Mid-year Changes in FTEs</b>	<b>(5.25)</b>	
<b>2020 Adjusted Aviation FTEs prior to 2021 Budget process</b>	<b>1,245.28</b>	
Vacant FTEs frozen in 2020 & unfunded in 2021 Budget	(120.30)	-9.7%
<b>FTEs in 2021 Baseline Budget BEFORE Budget Requests</b>	<b>1,124.98</b>	
<b>Proposed Additional FTEs in 2021 Budget:</b>		
Unfreeze existing vacant FTEs for hiring	18.00	1.4%
New FTEs - strategic functions	2.00	0.2%
<b>Proposed Increase in 2021 Budget FTEs</b>	<b>20.00</b>	<b>1.6%</b>
<b>FTEs in Proposed Aviation 2021 Budget</b>	<b>1,144.98</b>	<b>91.9%</b>
<b>Net FTEs to remain frozen (unfunded) in 2021 Budget</b>	<b>(102.30)</b>	<b>-8.2%</b>

*Note: percent changes compared to 2020 Adjusted Aviation FTEs prior to 2021 Budget process*

# New FTEs for 2021 – Position List

Sum of FTE				
2021 BUDGET ASK	DeptID	Dept Name	Job Title	Total
<input type="checkbox"/> NEW FTE REQUEST	<input type="checkbox"/> 4100	<input type="checkbox"/> Aviation Director's Office	Art Coordinator	1.0
	<input type="checkbox"/> 4120	<input type="checkbox"/> Airport Innovation	Biometrics Analyst	1.0
<b>NEW FTE REQUEST Total</b>				<b>2.0</b>
<input type="checkbox"/> UNFREEZE FTE	<input type="checkbox"/> 3320	<input type="checkbox"/> Airfield Operations	Airfield Operations Specialist	1.0
	<input type="checkbox"/> 3360	<input type="checkbox"/> Noise Programs	Noise Program Manager	1.0
	<input type="checkbox"/> 3420	<input type="checkbox"/> Public Parking	Parking Services & Revenue Rep (Cashier)	1.5
	<input type="checkbox"/> 3430	<input type="checkbox"/> Rental Cars	RCF Bus Driver Relief	2.5
			RCF Bus Driver Part-time	0.5
	<input type="checkbox"/> 3440	<input type="checkbox"/> Employee Parking	Employee Parking Bus Driver	2.5
	<input type="checkbox"/> 3610	<input type="checkbox"/> Aviation Properties	Sr Mgr Aviation Properties	1.0
	<input type="checkbox"/> 3650	<input type="checkbox"/> Airport Dining and Retail	Sr Manager Airport Dining & Retail	1.0
	<input type="checkbox"/> 4100	<input type="checkbox"/> Aviation Director's Office	Director AV Fac and Capital Prog	1.0
	<input type="checkbox"/> 4400	<input type="checkbox"/> Fire Department	Fire Protection Engineer	1.0
	<input type="checkbox"/> 4560	<input type="checkbox"/> AV Facilities & Infrastructure	AV F&I Prinicipal Engineer	1.0
			AV F&I Senior Engineer	1.0
	<input type="checkbox"/> 4593	<input type="checkbox"/> Facility, Fleet, Sys & Grounds	Laborer Parking/Fueler/Cleaner	1.0
	<input type="checkbox"/> 4595	<input type="checkbox"/> AV Mechanical Systems	Baggage Systems Specialist	1.0
			Mechanical Maint Engineer	1.0
<b>UNFREEZE FTE Total</b>				<b>18.0</b>
<b>Grand Total</b>				<b>20.0</b>

# NON-AERONAUTICAL BUSINESS

# Non-Aero Revenue

- **Airport Dining & Retail** - 75-80% of units closed in late March 2020 due to operating restrictions and dramatic decline in passengers. Units have gradually reopened as passenger volumes began to return in mid-2020. 2021 Budget assumes continued ADR revenue growth consistent with the gradual return in passenger volumes.
- **Parking** - activity declined in 2020 consistent with the decline in passenger volume, partially mitigated by customer preference toward driving to and parking at the airport, rather than ride-share transportation options.
- **Rental Car** – activity declined consistent with decline in passenger volume, partially mitigated by customer preference for private car rental rather than share-ride options.
- **Ground Transportation** – GT trips impacted by both decline in passengers and customer preference away from share-ride transportation options. On-demand taxi operations experiencing significant operating loss.
- **Commercial Properties** – In-flight Kitchen revenue impacted in proportion with decline in passengers. Other Non-Aero space rent not impacted by decline in passenger volume.
- **Airport lounges** – both lounges closed during Q2 2020 due to COVID activity restrictions. One lounge re-opened in mid-2020. Second lounge expected to re-open in early 2021. Resumed operations include occupancy restrictions and stringent social distancing protocols which impacts revenue potential during recovery period.

# Non-Aero NOI

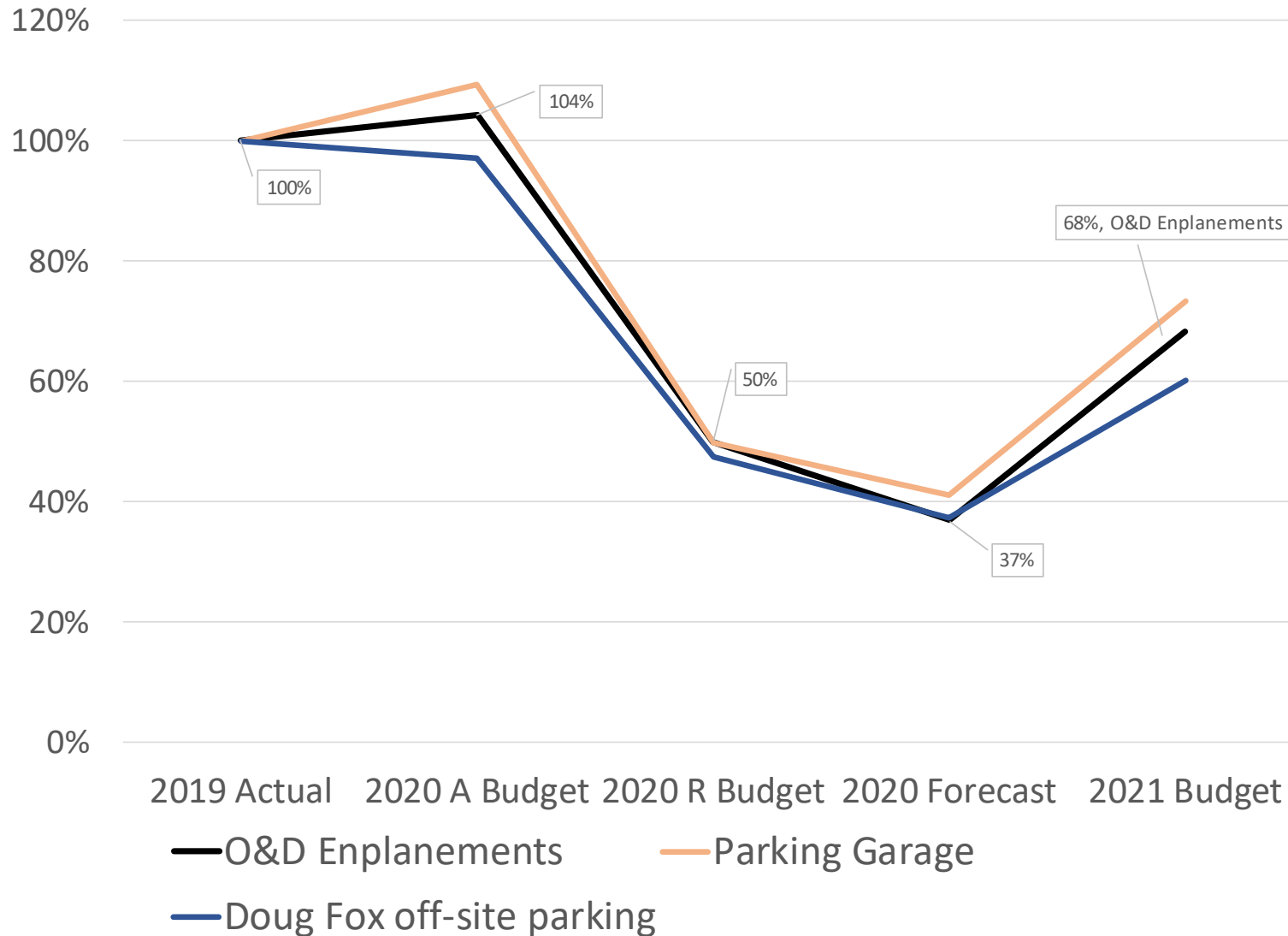
Non-Aeronautical NOI (\$ in 000's)	2019	2020	2020	2020	2021	Inc/(Dec) from 2020 Approved Budget	
	Actual	Approved Budget	Revised Budget	Forecast	Proposed Budget	\$ Change	% Change
<b>Non-Aeronautical Revenues</b>							
Public Parking	82,125	89,485	40,813	33,598	59,597	-29,888	-33.4%
Rental Cars	52,567	51,149	19,209	15,363	28,947	-22,203	-43.4%
Ground Transportation	20,765	22,299	11,092	7,701	13,628	-8,671	-38.9%
Airport Dining & Retail	61,615	66,145	27,753	25,545	45,951	-20,193	-30.5%
Other	51,966	54,089	36,207	34,187	43,514	-10,575	-19.6%
<b>Total Non-Aeronautical Revenues</b>	<b>269,037</b>	<b>283,167</b>	<b>135,074</b>	<b>116,394</b>	<b>191,637</b>	<b>-91,530</b>	<b>-32.3%</b>
<b>Total Non-Aeronautical Expenses</b>	<b>118,286</b>	<b>128,508</b>	<b>113,631</b>	<b>111,653</b>	<b>106,037</b>	<b>-22,471</b>	<b>-17.5%</b>
<b>Non-Aeronautical NOI</b>	<b>150,752</b>	<b>154,660</b>	<b>21,443</b>	<b>4,741</b>	<b>85,601</b>	<b>-69,059</b>	<b>-44.7%</b>
Less: CFC Surplus	0	0	0	0	0	0	
<b>Adjusted Non-Aeronautical NOI</b>	<b>150,752</b>	<b>154,660</b>	<b>21,443</b>	<b>4,741</b>	<b>85,601</b>	<b>-69,059</b>	<b>-44.7%</b>
Debt Service	-49,299	-50,064	-50,064	-28,998	-53,025	-2,961	5.9%
<b>Net Cash Flow</b>	<b>101,453</b>	<b>104,596</b>	<b>-28,621</b>	<b>-24,257</b>	<b>32,576</b>	<b>-72,020</b>	<b>-68.9%</b>

# Public Parking Revenue following passengers

Public Parking - Revenue Detail	2019	2020	2020	2020	2021	Fav (UnFav)		Incr (Decr)	
\$ in 000's	Actual	A Budget	R Budget	Forecast	Budget	B to FCST	Variance	Change from 2019	
						\$	%	\$	%
<b><u>Parking Garage Revenue to Port</u></b>									
General Parking/Terminal Direct	73,562	81,300	36,050	27,000	48,510	21,510	79.7%	(25,052)	-34.1%
Prebooking	217	-	640	2,220	5,570	3,350	150.9%	5,353	2469.9%
<b>Revenue to Port - General Parking</b>	<b>73,779</b>	<b>81,300</b>	<b>36,690</b>	<b>29,220</b>	<b>54,080</b>	<b>24,860</b>	<b>85.1%</b>	<b>(19,699)</b>	<b>-26.7%</b>
<b><u>Other Garage Revenue</u></b>									
Premier Corporate Parking	1,415	1,360	820	410	850	440	107.3%	(565)	-39.9%
Passport Parking Program	3,582	3,570	1,720	2,700	2,790	90	3.3%	(792)	-22.1%
<b>Revenue to Port - Parking Programs</b>	<b>4,997</b>	<b>4,930</b>	<b>2,540</b>	<b>3,110</b>	<b>3,640</b>	<b>530</b>	<b>17.0%</b>	<b>(1,357)</b>	<b>-27.2%</b>
<b>Total Parking Garage Revenue</b>	<b>78,776</b>	<b>86,230</b>	<b>39,230</b>	<b>32,330</b>	<b>57,720</b>	<b>25,390</b>	<b>78.5%</b>	<b>(21,056)</b>	<b>-26.7%</b>
<b><u>Other Parking Revenue</u></b>									
Concession Rent - Doug Fox off-site parking	3,292	3,200	1,560	1,230	1,981	751	61.1%	(1,311)	-39.8%
All Other Parking Revenue	56	55	23	18	18	-	0.0%	(38)	-68.1%
<b>Total Parking Revenue</b>	<b>82,125</b>	<b>89,485</b>	<b>40,813</b>	<b>33,578</b>	<b>59,719</b>	<b>26,141</b>	<b>77.9%</b>	<b>(22,406)</b>	<b>-27.3%</b>

- Public Parking revenue recovery slightly better than enplanement gains
- Offsite parking recovery slightly slower, due to customer preference for self-parking at the airport, rather than shuttle bus transportation options.

# Parking Revenue & O&D Enplanements as % of 2019 Actuals



## Parking Overview:

- Public Parking revenue recovery tracking closely with change in passenger volumes
- Parking programs recovering more quickly than enplanements
- Doug Fox (offsite lot) recovering slightly slower than enplanements, likely due to customer preference for self-parking at the airport, rather than shuttle bus transportation options.

# Public Parking RPE strong on reduced O&D passengers

Parking Revenue Metrics in 000's	2019	2020	2020	2020	2021	Fav / (UnFav) B to FCST Variance		Incr / (Decr) Change from 2019	
	Actual	A Budget	R Budget	Forecast	Budget	#	%	#	%
Total Enplanements	25,875	26,667	12,777	10,172	18,216	8,044	79.1%	(7,659)	-29.6%
O&D %	70.2%	71.0%	71.0%	66.0%	68.0%	2.0%	3.0%	-2.2%	-3.1%
O&D Enplanements	18,164	18,933	9,072	6,714	12,387	5,673	84.5%	(5,777)	-31.8%
<b>Revenue per O&amp;D Enplanement Metrics</b>									
Public Parking	\$ 4.06	\$ 4.29	\$ 4.04	\$ 4.35	\$ 4.37	\$ 0.01	0.3%	\$ 0.30	7.5%
Premier Corporate Parking	\$ 0.08	\$ 0.07	\$ 0.09	\$ 0.06	\$ 0.07	\$ 0.01	12.4%	\$ (0.01)	-11.9%
Passport Parking Program	\$ 0.20	\$ 0.19	\$ 0.19	\$ 0.40	\$ 0.23	\$ (0.18)	-44.0%	\$ 0.03	14.2%
<b>Total Garage Revenue per O&amp;D Enplanement</b>	<b>\$ 4.34</b>	<b>\$ 4.55</b>	<b>\$ 4.32</b>	<b>\$ 4.82</b>	<b>\$ 4.66</b>	<b>\$ (0.16)</b>	<b>-3.2%</b>	<b>\$ 0.32</b>	<b>7.4%</b>
Concession Rent - Doug Fox off-site parking	\$ 0.18	\$ 0.17	\$ 0.17	\$ 0.18	\$ 0.16	\$ (0.02)	-12.7%	\$ (0.02)	-11.8%
All Other Parking Revenue	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.00)	-45.8%	\$ (0.00)	-53.2%
<b>Total Parking per O&amp;D Enplanement</b>	<b>\$ 4.52</b>	<b>\$ 4.73</b>	<b>\$ 4.50</b>	<b>\$ 5.00</b>	<b>\$ 4.82</b>	<b>\$ (0.18)</b>	<b>-3.6%</b>	<b>\$ 0.30</b>	<b>6.6%</b>

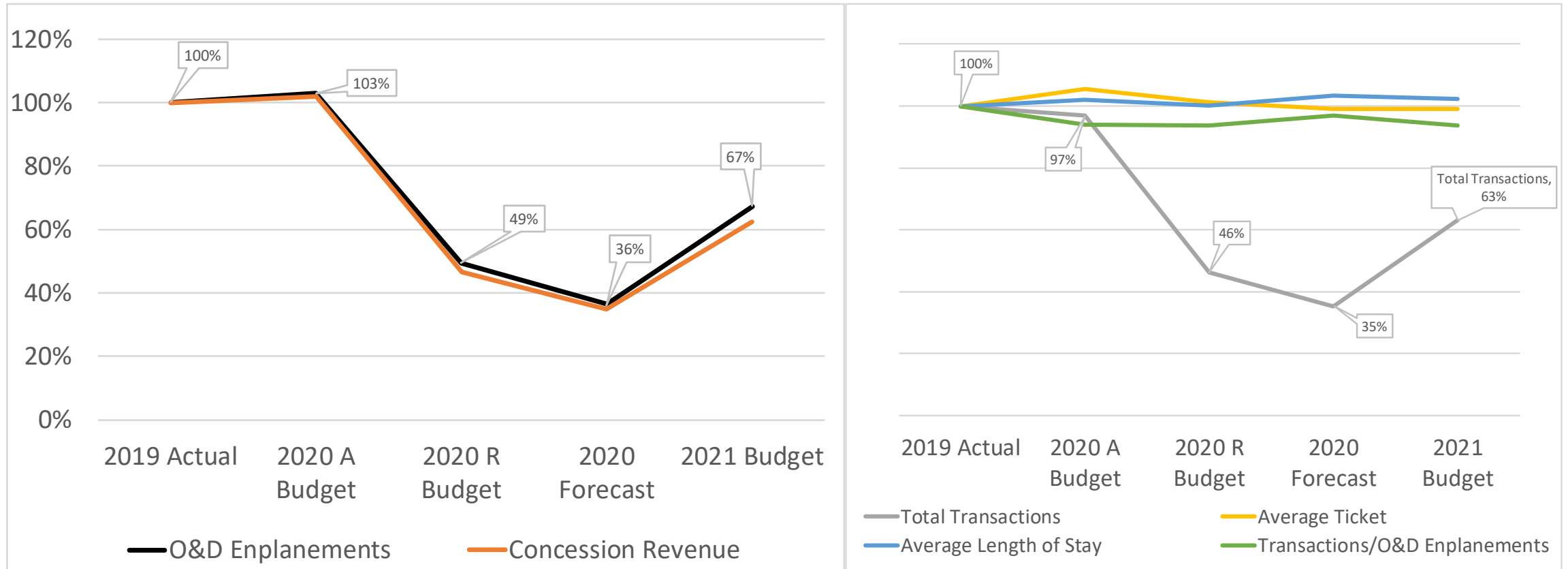
- O&D passenger percentage declined in 2020, reflects increase in connecting passengers from airline flight changes. Expected to rebalance in 2021/2022.
- Parking revenue per passenger higher from remaining passenger volume, reflects customer preference for self-parking.



# Rental Car recovery slower than enplanements

<b>Rental Car - Revenue Detail</b>						<b>Fav / (UnFav)</b>		<b>Incr / (Decr)</b>	
\$ in 000's	<b>2019 Actual</b>	<b>2020 A Budget</b>	<b>2020 R Budget</b>	<b>2020 Forecast</b>	<b>2021 Budget</b>	<b>B vs FCST Variance</b>		<b>Change from 2019</b>	
						<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
Total Enplanements	25,874	26,667	12,777	10,172	18,216	8,044	79.1%	(7,658)	-29.6%
O&D %	71.1%	71.0%	71.0%	66.0%	68.0%	2.0%	3.0%	-3.1%	-4.4%
<b>O&amp;D Enplanements</b>	<b>18,396</b>	<b>18,933</b>	<b>9,072</b>	<b>9,072</b>	<b>12,387</b>	<b>3,315</b>	<b>36.5%</b>	<b>(6,010)</b>	<b>-32.7%</b>
Gross Sales by Operators	328,156	335,405	153,455	115,000	205,160	90,160	78.4%	(122,996)	-37.5%
Total Transactions	1,414	1,369	653	500	892	392	78.4%	(522)	-36.9%
Average Ticket	\$232.06	\$ 245.00	\$ 235.00	\$ 230.00	\$ 230.00	\$0.00	0.0%	(\$2.06)	-0.9%
Average Length of Stay	4.49	4.59	4.50	4.65	4.60	(0.05)	-1.1%	0.11	2.3%
Transactions/O&D Enplanements	7.69%	7.23%	7.20%	7.45%	7.20%	-0.25%	-3.4%	-0.49%	-6.3%
<b><u>CFC Revenue Summary</u></b>									
Total Transaction Days	6,356	6,284	2,939	2,325	4,103	1,778	76.5%	(2,253)	-35.4%
CFC Rate per Transaction Day	\$6.00	\$6.00	\$6.00	\$6.00	\$7.00	\$1.00	16.7%	\$1.00	16.7%
CFC Revenue Earned	38,137	37,700	17,630	13,950	28,721	14,771	105.9%	(9,416)	-24.7%
Other CFC Collections	(9)	0	-	-	-	-	N/A	9	-100.0%
<b>Total CFC Revenue</b>	<b>38,128</b>	<b>37,700</b>	<b>17,630</b>	<b>13,950</b>	<b>28,721</b>	<b>14,771</b>	<b>105.9%</b>	<b>(9,407)</b>	<b>-24.7%</b>
<b>Debt Service Reserve Requirement</b>	<b>(23,655)</b>	<b>(23,914)</b>	<b>(23,914)</b>	<b>(24,153)</b>	<b>(24,273)</b>	<b>(120)</b>	<b>0.5%</b>	<b>(618)</b>	<b>2.6%</b>
<b>Reserve Fund Release (bond maturation)</b>	<b>1,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>N/A</b>	<b>(1,300)</b>	<b>-100.0%</b>
<b>Net Debt Service</b>	<b>(22,355)</b>	<b>(23,914)</b>	<b>(23,914)</b>	<b>(24,034)</b>	<b>(24,153)</b>	<b>(120)</b>	<b>0.5%</b>	<b>(1,798)</b>	<b>8.0%</b>
<b>Residual - CFC Operating Revenue</b>	<b>15,773</b>	<b>13,786</b>	<b>-</b>	<b>-</b>	<b>4,568</b>	<b>4,568</b>	<b>N/A</b>	<b>(11,205)</b>	<b>-71.0%</b>
<b><u>Rental Car - Revenue Summary</u></b>									
\$ in 000's	<b>2019 Actual</b>	<b>2020 A Budget</b>	<b>2020 R Budget</b>	<b>2020 Forecast</b>	<b>2021 Budget</b>	<b>Fav / (UnFav)</b>		<b>Incr / (Decr)</b>	
						<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>RCF Concession Revenue to Port</b>	<b>32,870</b>	<b>33,500</b>	<b>15,346</b>	<b>11,500</b>	<b>20,516</b>	<b>9,016</b>	<b>78.4%</b>	<b>(12,354)</b>	<b>-37.6%</b>
Residual - CFC Operating Revenue:	15,773	13,786	-	-	4,568	4,568	N/A	(11,205)	-71.0%
Land Rent/Space Rent/Other	3,924	3,863	3,863	3,863	3,914	51	1.3%	(10)	-0.2%
<b>Total Rental Cars Operating Revenue</b>	<b>52,567</b>	<b>51,149</b>	<b>19,209</b>	<b>15,363</b>	<b>28,998</b>	<b>13,635</b>	<b>88.8%</b>	<b>(23,569)</b>	<b>-44.8%</b>

# Rental Car Key Metrics as % compared to 2019 Actuals



- Rental Car concession fee revenue and transaction volume follows enplanement recovery pattern
- Some volatility in key metrics that impact Rental Car revenue, with overall revenue impact slightly slower than enplanements

# CFC Fund Balance benefits from CARES grant

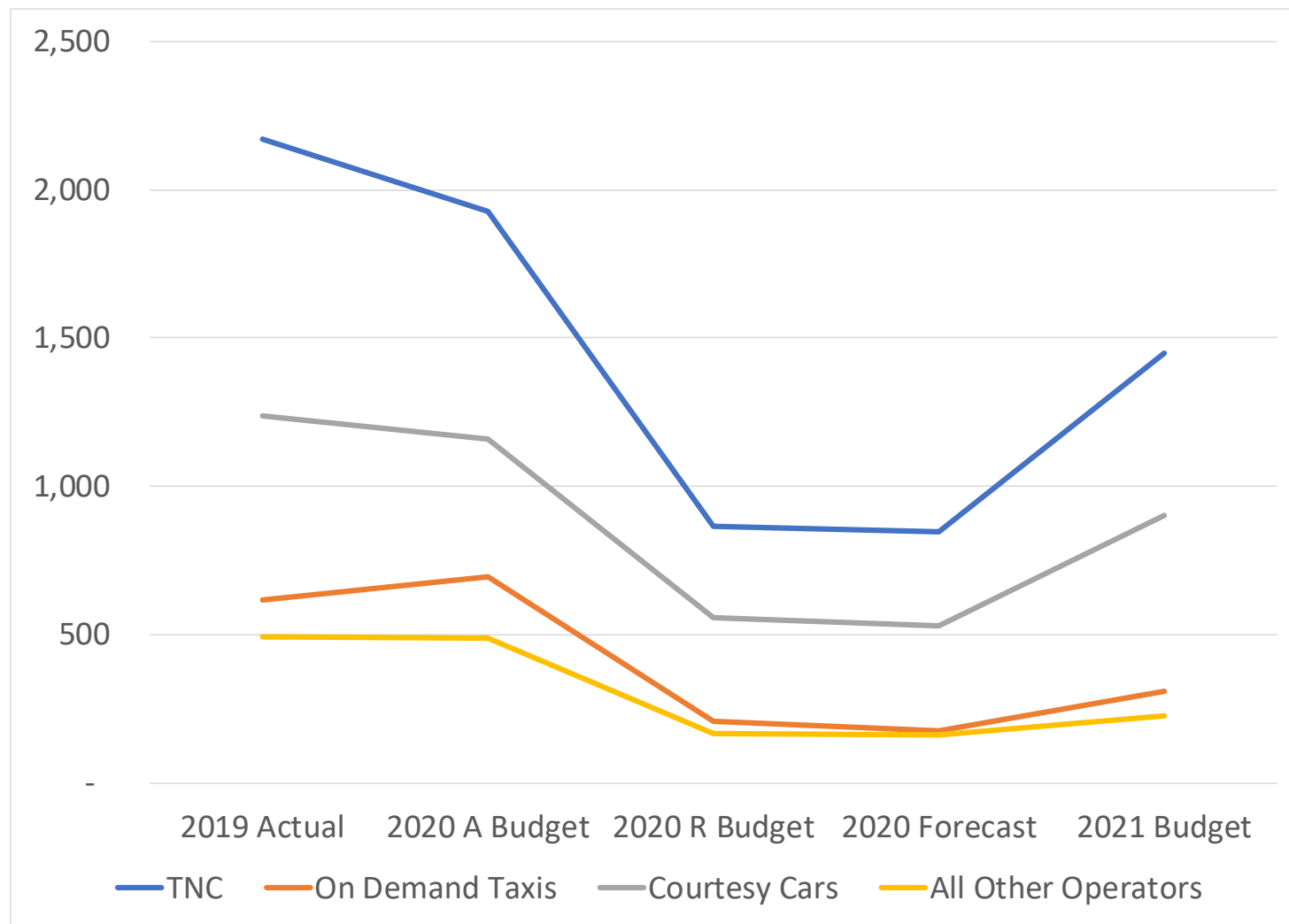
<b>Customer Facility Charge (CFC)</b>	<b>2019</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2021</b>	<b>Fav (UnFav)</b>		<b>Incr (Decr)</b>	
<b>Cash Basis, Figures in 000's</b>	<b>Actual</b>	<b>A Budget</b>	<b>R Budget</b>	<b>Forecast</b>	<b>Forecast</b>	<b>B vs FCST Variance</b>		<b>Change from 2019</b>	
O&D Percentage of Total Enplanements	71.1%	71.0%	71.0%	66.0%	68.0%	2.0%	3.0%	-3.1%	-4.4%
<b>O&amp;D Enplanements</b>	<b>18,396</b>	<b>18,933</b>	<b>9,072</b>	<b>6,714</b>	<b>12,387</b>	<b>5,673</b>	<b>84.5%</b>	<b>(6,010)</b>	<b>-32.7%</b>
Transaction/O&D Enplanement	7.69%	7.23%	7.20%	7.45%	7.20%	-0.3%	-3.4%	-0.5%	-6.3%
Total Transactions	1,414	1,369	653	500	892	392	78.4%	(522)	-36.9%
Average Length of Stay	4.49	4.59	4.50	4.65	4.60	(0.05)	-1.1%	0.11	2.3%
<b>Total Transaction Days</b>	<b>6,356</b>	<b>6,284</b>	<b>2,939</b>	<b>2,325</b>	<b>4,103</b>	<b>1,778</b>	<b>76.5%</b>	<b>(2,253)</b>	<b>-35.4%</b>
CFC Rate per Transaction Day	6.00	6.00	6.00	6.00	7.00	1.00	16.7%	1.00	16.7%
<b>CFC Beginning Fund Balance</b>	<b>16,951</b>	<b>21,729</b>	<b>23,605</b>	<b>23,605</b>	<b>10,358</b>	<b>(13,247)</b>	<b>-56.1%</b>	<b>(6,593)</b>	<b>-38.9%</b>
Inflows of Funds									
<b>CFC Collections &amp; Other</b>	<b>39,067</b>	<b>37,700</b>	<b>17,634</b>	<b>13,950</b>	<b>28,721</b>	<b>14,771</b>	<b>105.9%</b>	<b>(10,346)</b>	<b>-26.5%</b>
Uses of Funds									
Current Year CFC-eligible Operating Costs	8,794	9,658	9,000	9,000	8,911	(89)	-1.0%	117	1.3%
Total Capital Expenditures	1,264	9,212	6,221	4,268	11,626	7,357	172.4%	10,361	819.4%
Net Debt Service	22,355	23,914	23,914	23,928	24,153	225	0.9%	1,798	8.0%
<b>Total Uses</b>	<b>32,414</b>	<b>42,784</b>	<b>39,135</b>	<b>37,197</b>	<b>44,690</b>	<b>7,493</b>	<b>20.1%</b>	<b>12,276</b>	<b>37.9%</b>
New Commercial Paper Funding					1,000				
<b>CARES Act Grant Replenishment</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>10,000</b>	<b>5,000</b>				
Net Incremental change to CFC fund balance	6,654	(5,084)	(11,501)	(13,247)	(10,969)				
<b>Ending Fund Balance after CARES Act Grant</b>	<b>23,605</b>	<b>16,645</b>	<b>12,104</b>	<b>10,358</b>	<b>389</b>	<b>(9,969)</b>	<b>-96.2%</b>	<b>(23,216)</b>	<b>-98.4%</b>

# GT revenue & trip recovery slower than enplanements

Ground Transportation - Revenue Detail \$ in 000's	2019 Actual	2020 A Budget	2020 R Budget	2020 Forecast	2021 Budget	Fav (UnFav) B vs FCST Variance		Incr (Decr) Change from 2019	
						\$	%	\$	%
<b>Ground Transportation Revenues</b>									
Transportation Network Companies	12,982	14,794	7,492	5,016	8,700	3,684	73.4%	(4,282)	-33.0%
On Demand Taxis	3,578	3,321	1,504	1,057	1,851	794	75.2%	(1,727)	-48.3%
On Demand Limos	837	837	411	289	-	(289)	-100.0%	(837)	-100.0%
Belled In Taxis (Annual Permit)	27	24	12	12	19	7	60.0%	(8)	-30.1%
Pre-Arranged Limos (Annual Permit)	611	581	278	110	516	406	370.3%	(95)	-15.5%
Courtesy Cars (cost recovery)	2,019	1,984	951	871	2,160	1,289	147.9%	141	7.0%
All other Operators (cost recovery)	418	466	250	138	188	50	36.5%	(230)	-55.0%
Other Misc Revenues	293	294	194	224	194	(30)	-13.4%	(99)	-33.8%
<b>Total GT Revenue</b>	<b>20,765</b>	<b>22,299</b>	<b>11,092</b>	<b>7,716</b>	<b>13,628</b>	<b>5,912</b>	<b>76.6%</b>	<b>(7,137)</b>	<b>-34.4%</b>
<b>Trip Activity</b>									
in 000's									
	2019 Actual	2020 A Budget	2020 R Budget	2020 Forecast	2021 Budget	Fav / (UnFav) B vs FCST Variance		Incr / (Decr) Change from 2019	
						#	%	#	%
<b>Ground Transportation Trips</b>									
Transportation Network Companies	2,172	1,929	864	845	1,450	605	71.6%	(722)	-33.2%
On Demand Taxis	616	696	207	176	309	132	75.2%	(307)	-49.9%
On Demand Limos	65	67	22	21	-	(21)	-100.0%	(65)	-100.0%
Belled In Taxis (Annual Permit)	13	18	3	3	5	2	74.0%	(8)	-61.9%
Pre-Arranged Limos (Annual Permit)	340	344	122	116	192	76	65.7%	(148)	-43.6%
Courtesy Cars (cost recovery)	1,236	1,160	558	527	900	373	70.7%	(336)	-27.2%
All other Operators (cost recovery)	74	57	22	15	27	12	78.5%	(47)	-63.7%
<b>Total GT Trip Activity</b>	<b>4,240</b>	<b>4,271</b>	<b>1,796</b>	<b>1,709</b>	<b>2,882</b>	<b>1,174</b>	<b>68.7%</b>	<b>(1,358)</b>	<b>-32.0%</b>

GT revenue reduction reflects compound impact: passenger decline and shift away from shared ride options

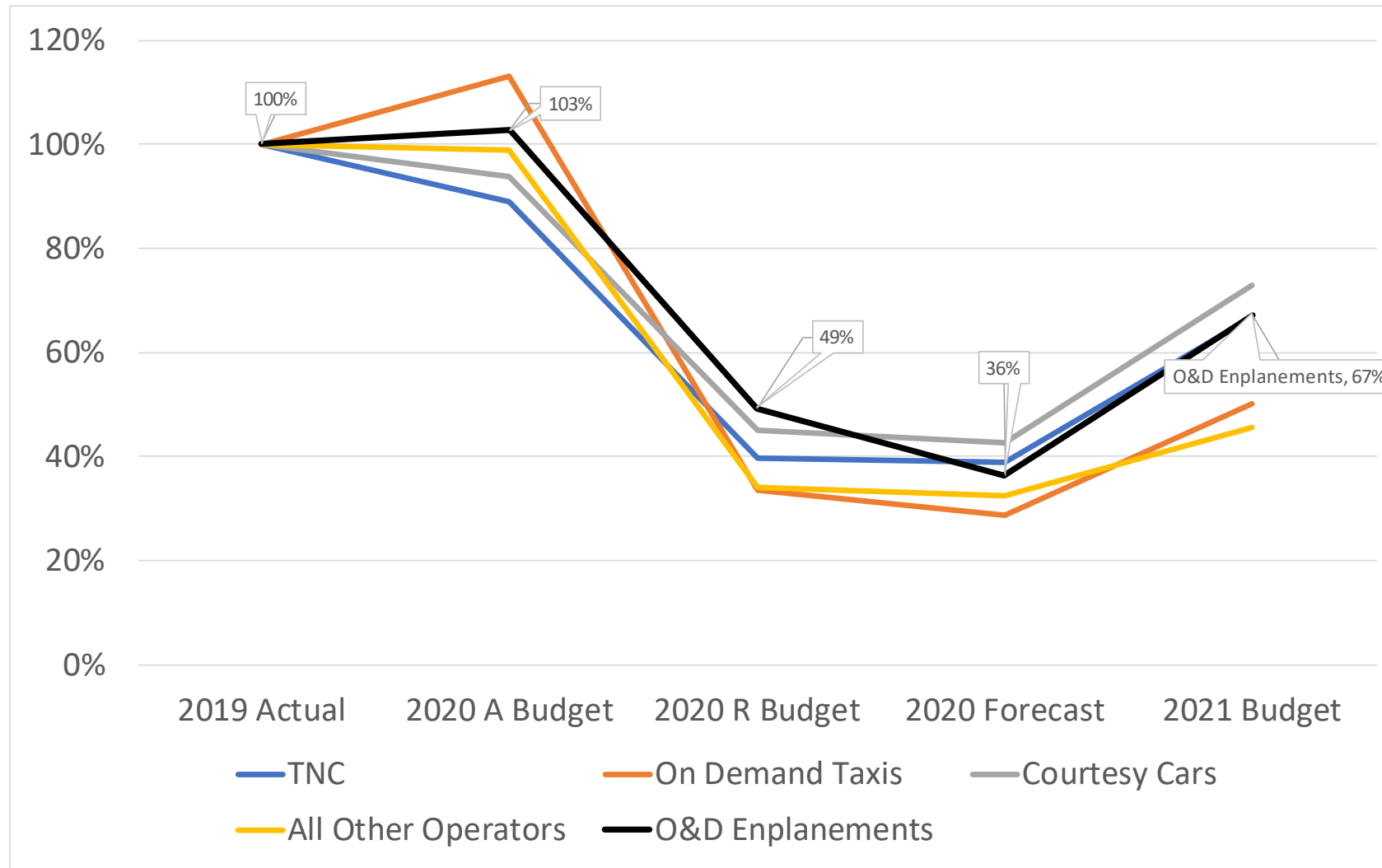
# GT Trip Count Trend



## GT Overview:

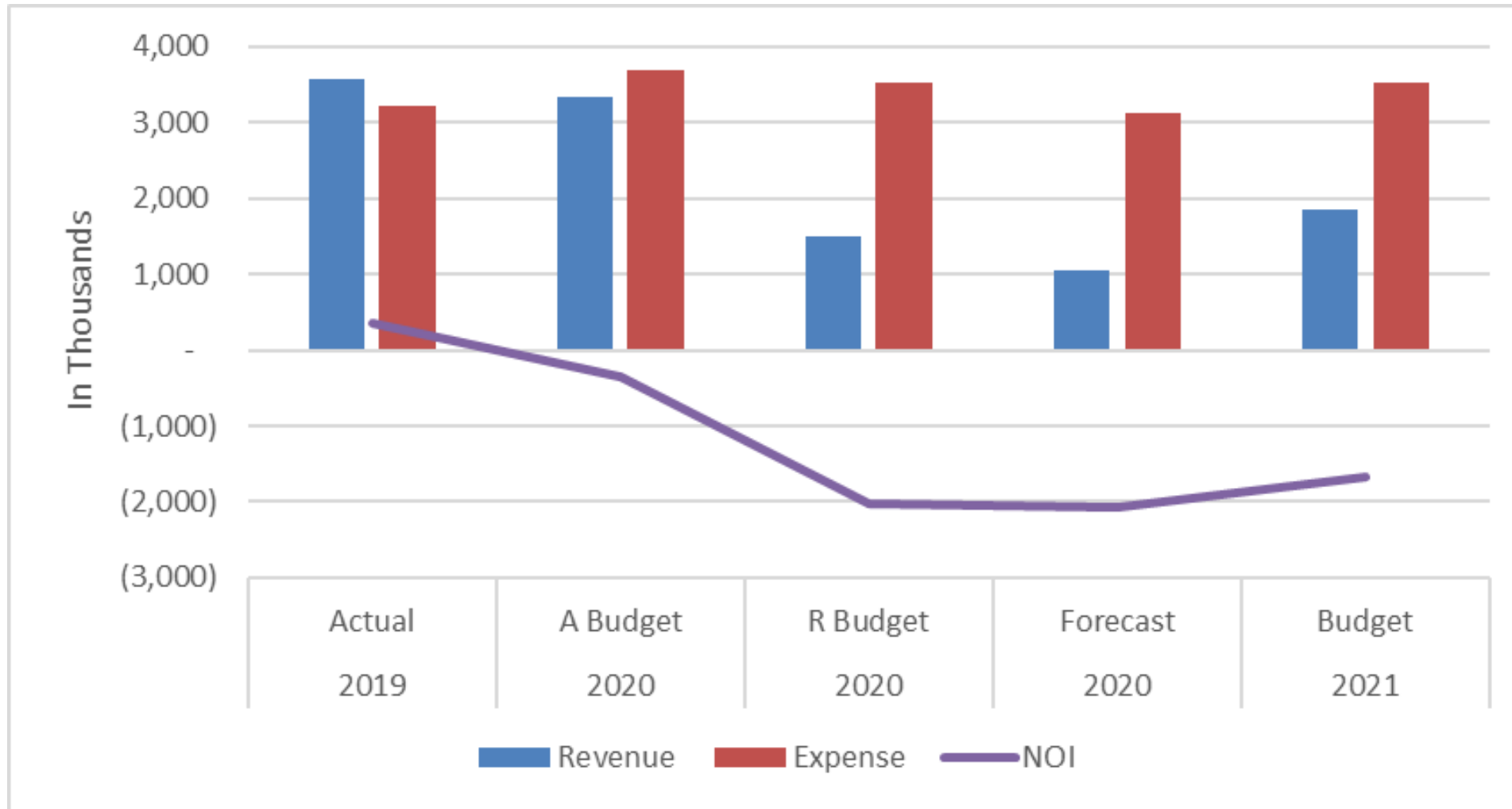
- Trips for all Ground Transportation operator types have declined due to decline in passenger volume.
- Passenger preference appears to be shifting away from shared ride alternatives, at least near term. Trip volume will be closely monitored to determine if demand increases as passenger volume recovers.
- TNC remains highest trip activity within GT operator types.

# GT Trips & O&D Enplanements as % of 2019 Actuals



Trip volumes for on-demand taxi and “all other” GT operator categories are recovering slower than the recovery in enplanements

# On-Demand Taxi NOI



Taxi trips and taxi revenue declined significantly while direct taxi expenses remained relatively fixed, resulting in net operating loss in 2020.

Net Operating Loss for taxi operations expected to continue into 2021.

# On-Demand Taxi NOI

On-Demand Taxi Revenue & Expense \$ in 000's	2019 Actual	2020 A Budget	2020 R Budget	2020 Forecast	2021 Budget
<b>Income</b>					
Revenue	3,578	3,321	1,504	1,057	1,851
Expense	3,214	3,685	3,531	3,120	3,529
<b>NOI</b>	<b>363</b>	<b>(364)</b>	<b>(2,027)</b>	<b>(2,063)</b>	<b>(1,678)</b>
<b>Activity</b>					
Total Enplanements	25,874	26,667	12,777	10,172	18,216
O&D %	71.1%	71.0%	71.0%	66.0%	68.0%
O&D Enplanements	18,422	18,933	9,072	6,714	12,387
On-Demand Taxi Trips	616	696	207	176	309
<b>Growth % &amp; Metrics</b>					
O&D Enplanement Growth %	3.9%	2.8%	-50.8%	-63.6%	-32.8%
Trip Growth %	-14.9%	13.0%	-66.4%	-71.4%	-49.9%
<b>O&amp;D Enplanement &amp; Trips delta</b>	<b>-18.8%</b>	<b>10.3%</b>	<b>-15.7%</b>	<b>-7.8%</b>	<b>-17.1%</b>
Trips per O&D Enplanement	3.3%	3.7%	2.3%	2.6%	2.5%
<b>Expense Growth %</b>	<b>N/A</b>	<b>14.7%</b>	<b>9.9%</b>	<b>-2.9%</b>	<b>9.8%</b>
<b>Expense Detail</b>					
Landside Salary/Wage/Benefits	602	686	627	564	692
Maintenance Wage/Benefits	106	48	48	37	47
Curbside Assistance	1,700	2,000	1,950	1,800	1,800
Other Direct O&M	160	102	102	102	151
<b>Subtotal Direct O&amp;M</b>	<b>2,568</b>	<b>2,836</b>	<b>2,727</b>	<b>2,503</b>	<b>2,691</b>
Divisional Allocations	395	351	321	221	307
Corporate Allocations	148	295	280	193	248
Asset Ammortization	104	204	204	204	283
<b>Total Expenses</b>	<b>3,214</b>	<b>3,685</b>	<b>3,531</b>	<b>3,120</b>	<b>3,529</b>

Taxi pilot program ends Oct 2021 and new proposals are under development. Budget assumes operations continues to YE.

## On-Demand Taxi Overview:

Taxi operations in GT experiencing net operating loss starting in 2020 as revenue declines, most operating expenses are fixed

### Comparison 2021 Budget to 2019 Actuals

- Revenue decreased 48%
- Operating Expenses increased 10%
- Net loss of \$1.7M anticipated in 2021

### Primary contributing factors

- COVID related decline in passengers
- Customer preference shift away from shared-ride transportation options, especially taxis
- Taxi curbside assistance contract is a fixed monthly amount, not scaled to increase or decrease with passenger demand or taxi trip volume

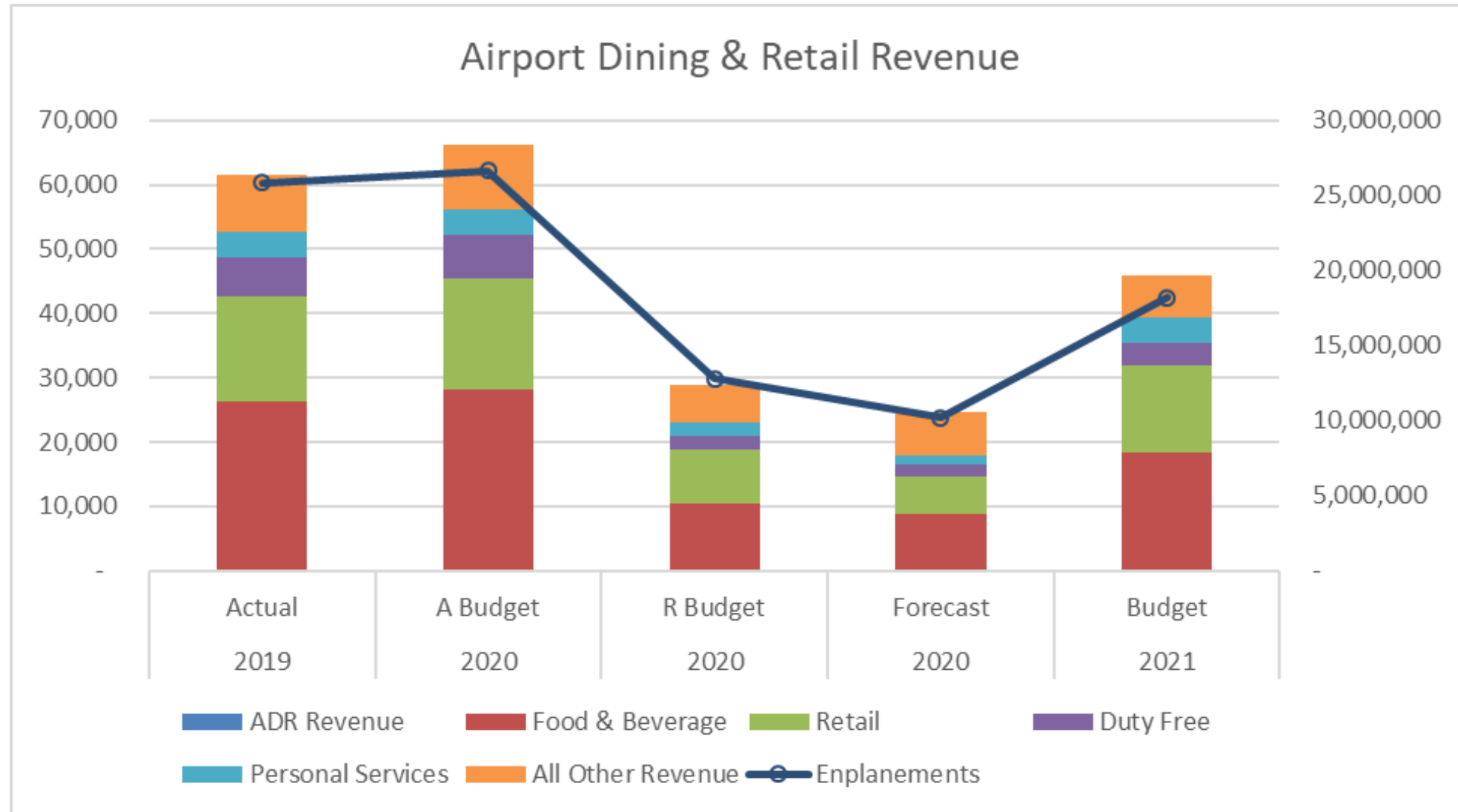


# Airport Dining & Retail Revenue

2021 Airport Dining & Retail (3650) <i>ORG Basis (in 000's)</i>	2019 Actual	2020 A Budget	2020 R Budget	2020 Forecast	2021 Budget	2021 Bud vs 2020 Fcst		Incr / (Decr) from 2019	
						\$	%	\$	%
<b>ADR Revenue</b>									
Food & Beverage	26,314	28,077	10,371	8,725	18,456	9,731	111.5%	(7,858)	-29.9%
Retail	16,313	17,398	8,496	5,853	13,360	7,507	128.3%	(2,953)	-18.1%
Duty Free	6,189	6,709	2,173	1,917	3,599	1,682	87.7%	(2,590)	-41.8%
Personal Services	3,847	3,966	1,900	1,519	3,900	2,381	156.8%	53	1.4%
Advertising	7,326	8,103	4,176	5,048	5,153	105	2.1%	(2,173)	-29.7%
Space Rental - Terminal	1,298	1,371	1,349	1,269	1,203	(66)	-5.2%	(94)	-7.3%
All other revenue	328	520	464	265	278	14	5.1%	(50)	-15.2%
<b>Total ADR Revenue</b>	<b>61,615</b>	<b>66,145</b>	<b>27,753</b>	<b>24,597</b>	<b>45,951</b>	<b>21,355</b>	<b>86.8%</b>	<b>(15,663)</b>	<b>-25.4%</b>

- Overall, Total ADR Rev is recovering slightly faster than enplanements, driven by faster recovery in Retail and Services as those businesses are adjusting well to the changing demand and requirements
- Food & Bev is recovering line with enplanements
- Duty Free is recovering more slowly as international passenger volume recovery is slow

# ADR Revenue aligned with passenger volume

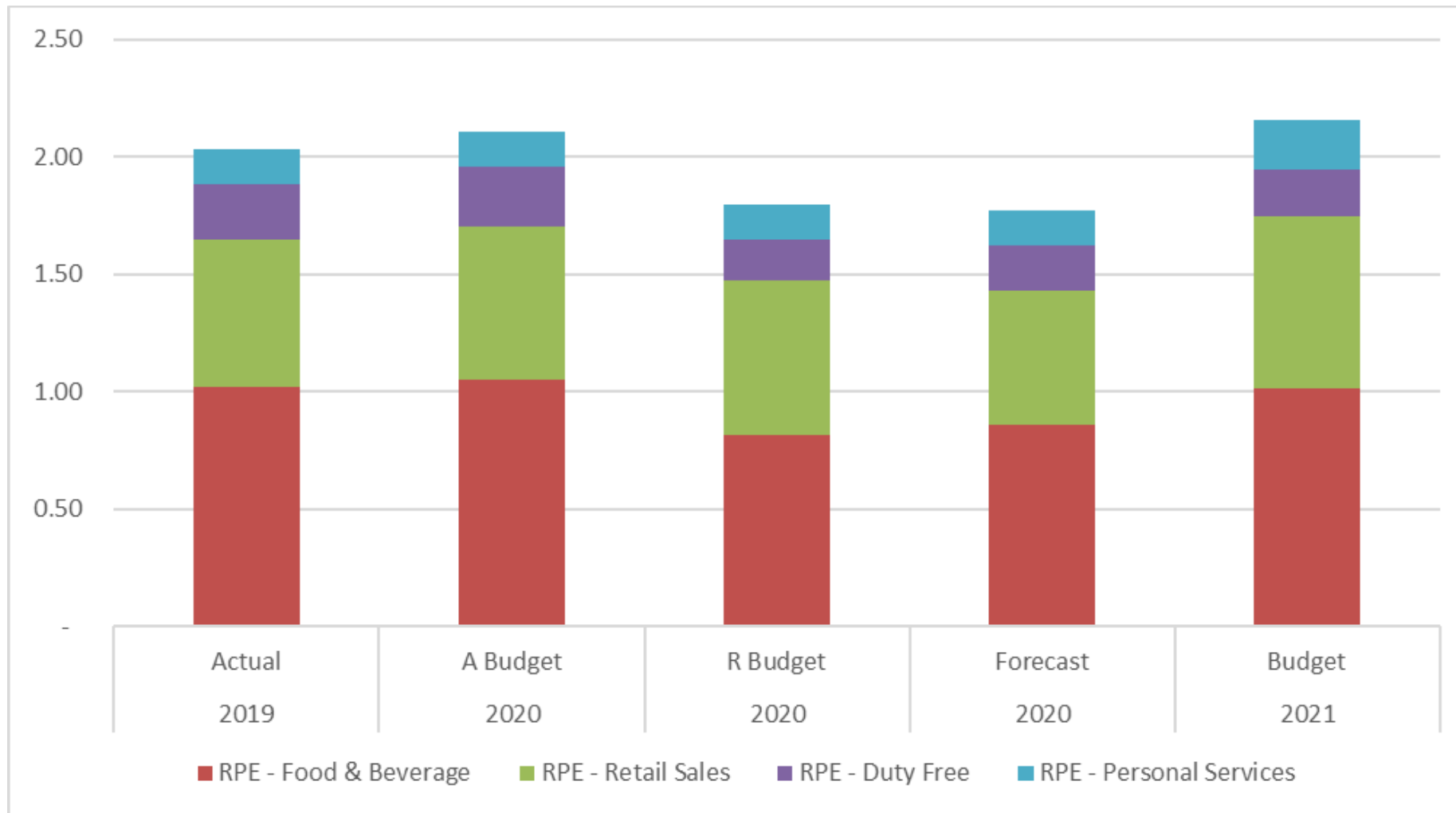


# 3650 – ADR Revenue per Enplanement (RPE)

2021 Airport Dining & Retail <i>ORG Basis (in 000's)</i>	2019	2020	2020	2020	2021	2021 Bud vs 2020		Incr / (Decr) from	
	Actual	A Budget	R Budget	Forecast	Budget	\$	%	\$	%
<b>Rev per Enplanement</b>									
RPE - Food & Beverage	1.02	1.05	0.81	0.86	1.01	\$ 0.16	18.1%	\$ (0.00)	-0.4%
RPE - Retail Sales	0.63	0.65	0.66	0.58	0.73	\$ 0.16	27.5%	\$ 0.10	16.3%
RPE - Duty Free	0.24	0.25	0.17	0.19	0.20	\$ 0.01	4.8%	\$ (0.04)	-17.4%
RPE - Personal Services	0.15	0.15	0.15	0.15	0.21	\$ 0.06	43.4%	\$ 0.07	44.0%
RPE - All Other Revenue	0.35	0.37	0.47	0.65	0.36	\$ (0.28)	-43.7%	\$ 0.02	5.3%
<b>RPE - Airport Dining &amp; Retail</b>	<b>\$ 2.38</b>	<b>\$ 2.48</b>	<b>\$ 2.17</b>	<b>\$ 2.42</b>	<b>\$ 2.52</b>	<b>\$ 0.10</b>	<b>\$ 0.04</b>	<b>\$ 0.14</b>	<b>\$ 0.06</b>

- Overall, Rev per Enplanement (RPE) is up 5.9% from 2019 base year, driven by strong purchasing in Food & Bev and Retail categories from remaining passenger volume.
- Duty Free RPE declined, compounding deep decline in international passengers
- Personal Services RPE also declined significantly, partially due to governor mandate for continued closure of spa-like businesses.

# ADR - Revenue per Enplanement



Airport Dining & Retail – Revenue per Enplanement:

**While we are seeing fewer passengers, these passengers are spending more money on a per passenger basis.**

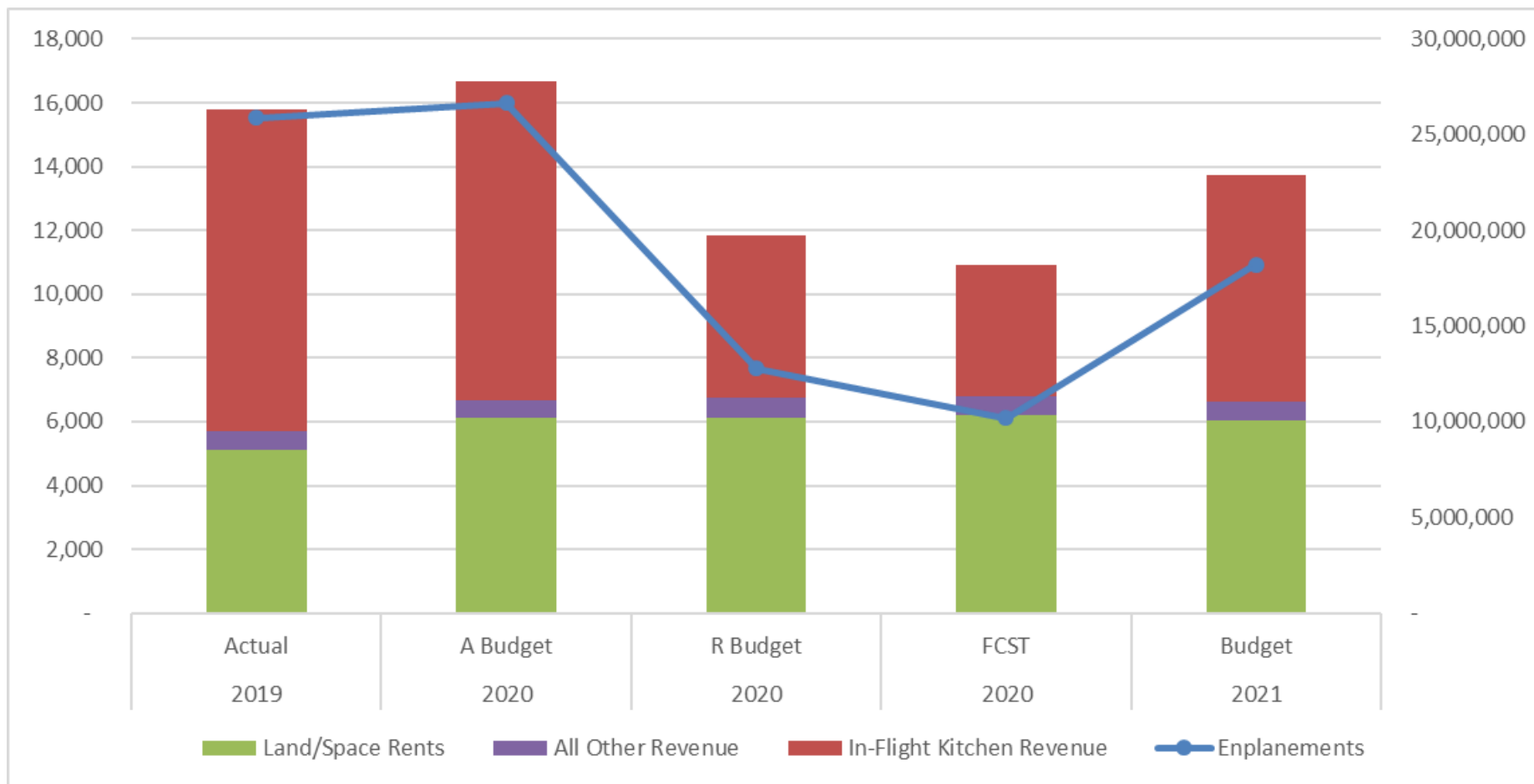
Revenue per enplanement is up \$0.14, or 6%, driven by Retail and Food & Beverage sales, partially offset by RPE declines in Personal Services and Duty-Free categories.

# 3630 – Commercial Properties Revenue

2021 Commercial Properties <i>ORG Basis (in 000's)</i>	2019 Actual	2020 A Budget	2020 R Budget	2020 FCST	2021 Budget	2021 Bud vs		Incr / (Decr)	
						\$	%	\$	%
<b>Revenue</b>									
In-Flight Kitchen Revenue	10,053	9,974	5,106	4,123	7,078	2,955	71.7%	(2,975)	-29.6%
Land/Space Rents	5,122	6,120	6,120	6,221	6,022	(198)	-3.2%	900	17.6%
All Other Revenue	597	566	628	576	613	37	6.4%	15	2.6%
<b>Comm Properties Revenue:</b>	<b>15,773</b>	<b>16,660</b>	<b>11,854</b>	<b>10,920</b>	<b>13,713</b>	<b>2,793</b>	<b>25.6%</b>	<b>(2,060)</b>	<b>-13.1%</b>

- In-Flight Kitchen revenue strongly impacted by decline in passenger volume, is recovering in line with enplanements.
- Land and Space Rents are fixed rate per sq ft and therefore are impervious to the drop in enplanements and grow as planned in 2021.

# Commercial Properties Revenue



## Commercial Properties overview:

**In-flight Kitchen Concession Fee Revenue impacted by decline in enplanements.** Expected to recover on similar timeline as enplanement recovery.

**Space rent remains relatively stable,** as real estate leases based on rent per square footage are not impacted by the decline in enplanements.

# 3645 – Terminal Leased Space Revenue

2021 Terminal Leased Space <i>Org Basis (in 000's)</i>	2019 Actual	2020 A Budget	2020 R Budget	2020 Forecast	2021 Budget	2021 Bud vs 2020 Fcst		Incr / (Decr) from 2019	
						\$	%	\$	%
<b>Revenue</b>									
Maintenance Service Fees	238	266	11	10	30	20	204.8%	(209)	-87.6%
AlClear	1,536	1,682	1,004	1,053	1,170	117	11.1%	(366)	-23.8%
US Gen Svcs Admin	2,555	1,735	2,110	2,396	1,981	(415)	-17.3%	(574)	-22.5%
All Other Space Rental	2,068	2,017	2,028	2,068	2,069	1	0.0%	1	0.0%
Space Rental - Terminal	6,159	5,434	5,142	5,517	5,220	(297)	-5.4%	(939)	-15.2%
All other ORG 3645 revenue	1	-	0	22	0	(22)	-100.0%	(1)	-100.0%
<b>Terminal Leased Space Revenue</b>	<b>6,398</b>	<b>5,700</b>	<b>5,152</b>	<b>5,549</b>	<b>5,249</b>	<b>(299)</b>	<b>-5.4%</b>	<b>(1,149)</b>	<b>-18.0%</b>

- TSA Maintenance Service Fees removed in 2020 lease amendment.
- **AlClear** – pays a 10% concession fee on gross sales. **Decline in revenue not as severe as decline in enplanements.**
- USGS lease was amended in early 2020 which included a reduction in leased area.
- **Remaining space rent** – lease terms are generally not tied to enplanement volume, and therefore **remains fairly consistent between 2019 and 2021.**
- Majority of space rent inside the terminal are tied to AERO rate based terminal lease rate, and is adjusted annually as that rate changes.

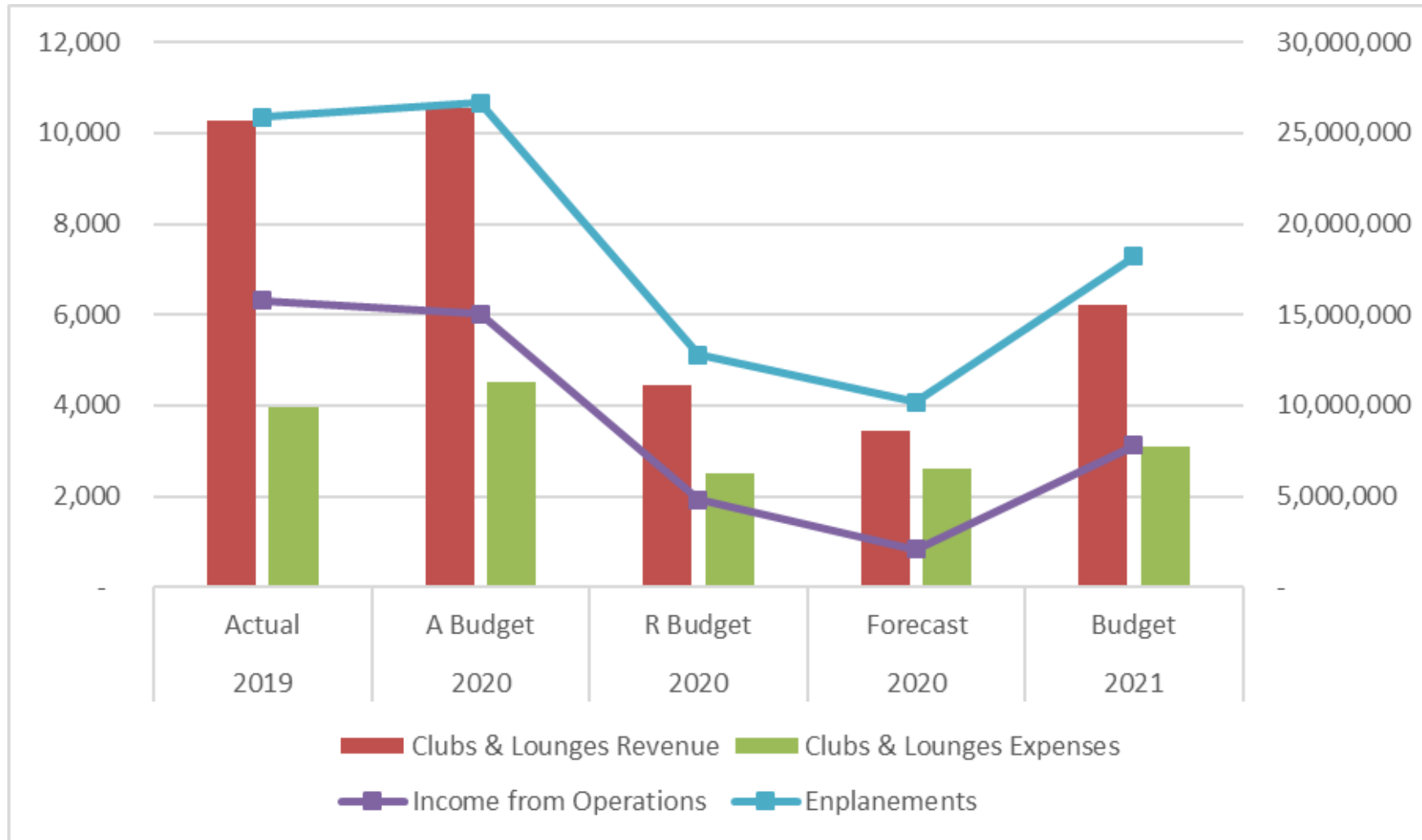
# 3690 – Clubs & Lounges Revenue & Expense

Clubs & Lounges Expenses (3690) Org Basis (in 000's)	2019 Actual	2020 A Budget	2020 R Budget	2020 Forecast	2021 Budget	2021 Bud vs 2020 Fcst		Incr / (Decr) from 2019	
						\$	%	\$	%
<b>Clubs &amp; Lounges Revenue</b>	<b>10,274</b>	<b>10,536</b>	<b>4,441</b>	<b>3,443</b>	<b>6,221</b>	<b>2,778</b>	<b>80.7%</b>	<b>(4,053)</b>	<b>-39.5%</b>
<b>Clubs &amp; Lounges Expenses</b>								0	
<i>Base Management Fee</i>	182	182	287	292	406	114	38.9%	224	122.6%
<i>Incentive Management Fee</i>	243	266	250	331	41	(289)	-87.5%	(201)	-83.0%
Total Management Fee	425	448	536	623	448	(176)	-28.2%	23	5.3%
3rd Party Direct Operating Expenses	3,331	3,917	1,911	1,911	2,534	623	32.6%	(798)	-23.9%
B&O taxes	153	158	74	74	109	34	46.3%	(44)	-28.7%
All other Clubs & Lounges expenses	55	(0)	-	0	-	(0)	-100%	(55)	-100.0%
<b>Clubs &amp; Lounges Expenses</b>	<b>3,964</b>	<b>4,523</b>	<b>2,521</b>	<b>2,608</b>	<b>3,090</b>	<b>482</b>	<b>18.5%</b>	<b>(874)</b>	<b>-22.1%</b>
<b>Income from Operations</b>	<b>6,309</b>	<b>6,013</b>	<b>1,920</b>	<b>834</b>	<b>3,131</b>	<b>2,296</b>	<b>275.2%</b>	<b>(3,179)</b>	<b>-50.4%</b>

- Club activity growth is directly tied to enplanements; with a significant portion of club activity from international passengers. International enplanements are recovering more slowly than domestic volume.
- Social distancing requirements limit passenger volume inside clubs, and therefore impact revenue recovery in 2021.



# Clubs & Lounges: Revenue & Expense



## Clubs & Lounges overview:

**While Income from Operations remains positive and improves in 2021, there is a decline in profitability given current limitations on Lounge capacity, as well as the slow return of international enplanements**

Revenue is down (40%) vs base year, 2019; while, expenses are down (22%) vs the base year of 2019.

# 3690 – Clubs & Lounges Activity Projections

	2019 (Actual)	2020 (Forecasted)	2021 (Forecasted)	YOY % Change (2020 - 2021)
<b>Guest Visits</b>				
Airlines	87,844	13,306	37,306	180%
Priority Pass	309,070	92,502	210,698	128%
Day Pass/Other	4,231	1,312	2,786	112%
<b>Total Guest Visits</b>	<b>401,145</b>	<b>107,120</b>	<b>250,790</b>	<b>134%</b>
<b>Revenue</b>				
Airlines	\$ 2,689,296	\$ 52,866	\$ 1,038,468	1864%
Priority Pass	\$ 7,440,756	\$ 2,849,122	\$ 5,056,756	77%
Day Pass/Other	\$ 143,452	\$ 66,657	\$ 125,377	88%
<b>Total Revenue</b>	<b>\$ 10,273,504</b>	<b>\$ 2,968,645</b>	<b>\$ 6,220,601</b>	<b>110%</b>
<b>NOI</b>	<b>\$ 6,309,000</b>	<b>\$ 834,000</b>	<b>\$ 3,146,143</b>	<b>277%</b>

Enplanement forecast information provided by Business Intelligence, Airline Service Development,  
Airport Dimensions

# CAPITAL BUDGET AND DEBT SERVICE COVERAGE

# Capital Projects- Summary

Capital Projects	CIP	2020 FCST	Cash Flows (Figures in \$000s)					2021 - 25 TOTAL
			2021	2022	2023	2024	2025	
<b>Construction Authorized (Status 5-6)</b>								
NS NSAT Renov NSTS Lobbies	C800556	156,246	93,014	32,956	-	-	-	125,970
International Arrivals Fac-IAF	C800583	185,340	57,679	-	-	-	-	57,679
Checked Bag Recap/Optimization	C800612	19,748	95,000	100,000	113,500	111,000	96,429	515,929
2021-25 AFLD Pvmnt&Spprt Infr	C800930	2,149	40,500	37,106	19,934	30,568	19,079	147,187
N. Terminals Utilities Upgrade	C800717	8,538	8,577	8,344	5,280	4,941	-	27,142
Other Construction Authorized Capital Projects	Multiple	125,451	128,497	75,651	36,483	20,889	5,885	267,405
<b>Total - Construction Authorized</b>		<b>497,472</b>	<b>423,267</b>	<b>254,057</b>	<b>175,197</b>	<b>167,398</b>	<b>121,393</b>	<b>1,141,312</b>
<b>Design Authorized (Status 4)</b>								
Widen Arrivals Roadway	C800866	2,020	1,254	1,514	3,539	15,491	16,221	38,019
Checkpoint 1 Relocation	C801093	989	3,600	29,306	3,564	-	-	36,470
Perimeter Intrusion Detect Sys	C800844	189	4,300	6,700	10,000	7,215	-	28,215
Condo Sound Insulation	C200095	878	2,609	4,929	7,651	6,890	163	22,242
Other Design Authorized Capital Projects	Multiple	26,145	64,567	61,053	85,621	111,698	143,283	466,222
<b>Total - Design Authorized</b>		<b>30,221</b>	<b>76,330</b>	<b>103,502</b>	<b>110,375</b>	<b>141,294</b>	<b>159,667</b>	<b>591,168</b>
<b>Pending Authorization (Status 2-3)</b>								
MT Infrastructure Upgrades	C801202	277	3,222	4,070	3,788	3,817	18,772	33,669
South Satellite Improvement	C801203	750	10,000	20,000	34,000	140,000	122,800	326,800
Apartment Sound Insulation	C200096	-	64	6,218	13,554	11,342	20,547	51,725
Zone 6&7 Reconfiguration	C801204	-	5,000	30,000	30,000	25,000	10,000	100,000
Other Pending Capital Projects	Multiple	7,217	31,044	217,917	273,040	303,024	238,891	1,063,916
<b>Total - Pending Authorization</b>		<b>8,244</b>	<b>49,330</b>	<b>278,205</b>	<b>354,382</b>	<b>483,183</b>	<b>411,010</b>	<b>1,576,110</b>
<b>Subtotal</b>		<b>535,937</b>	<b>548,927</b>	<b>635,764</b>	<b>639,954</b>	<b>791,875</b>	<b>692,070</b>	<b>3,308,590</b>
<b>CIP Cashflow Adj Reserve</b>	C801141	-	(84,693)	50,816	33,877	-	-	-
<b>Grand Total</b>		<b>535,937</b>	<b>464,234</b>	<b>686,580</b>	<b>673,831</b>	<b>791,875</b>	<b>692,070</b>	<b>3,308,590</b>

\* Cash flows and budgets are preliminary and may substantially change

# Debt Service Coverage

	Debt Service Coverage per SLOA		
	2020 Budget	2020 Fcst	2021 Bud
<b>Revenues</b>			
Aero	401,340	296,566	389,342
Non-aero	283,167	116,684	191,637
Total Revenues	684,507	413,250	580,979
<b>O&amp;M</b>	377,306	342,508	338,475
<b>NOI</b>	307,201	70,742	242,504
CARES grant non-op revenue		53,000	3,500
Other net non-operating	1,027	5,038	2,543
<b>Available for debt service</b>	<b>308,228</b>	<b>128,780</b>	<b>248,547</b>
<b>Debt Service</b>			
Gross debt service (net of cap i)	262,479	252,654	279,886
CFC offset	(23,657)	(13,928)	(19,153)
PFC offset	(67,348)	(38,258)	(47,216)
CARES grant debt service offset	-	(105,901)	(29,732)
<b>Net Debt Service</b>	<b>171,474</b>	<b>94,566</b>	<b>183,786</b>
<b>Debt Service Coverage</b>	1.80	1.36	1.35

## Port-wide Debt Service Coverage

	2020 Projected	2021 Preliminary Budget
Airline revenues with no amortization	296,566	389,342
Non-aero revenue	116,684	191,637
Non-Airport revenue	88,301	99,716
Total Operating Revenue	501,551	680,695
Operating Expense - Airport	(342,508)	(338,475)
Operating Expense - non-Airport	(82,033)	(77,969)
Net Operating Income before depreciation	77,010	264,251
Net Tax Levy available to pay operating expenses	32,101	40,170
Cares Grant - non-op	158,901	33,232
Non-Ops (net)	(5,776)	(10,230)
Available for Revenue Bond Debt Service	262,236	327,423
Revenue Debt Service net of cap I and off-sets	229,111	239,191
Total Debt Service Coverage	1.14	1.37

- Port-wide coverage for 2019 was 1.95X and the average of the past five-years 2015-2019 has been 1.79x

CARES grant used for debt service treated as offset per SLOA.