

Stay Tuned, the 2021 Airport
Open House is about to begin.



Airport Budget Open House
October 8, 2020

Agenda

- Why the Port's Budget Matters
- 2020: Weathering the Storm
- Aviation Division: Leading the Recovery
- Public Port, Community Benefit
- Your Questions



Dave Soike

Chief Operating Officer

Why the Port's Budget Matters



An aerial photograph of Seattle, Washington, with the city's port facilities highlighted in a bright green color. The facilities are located along the waterfront, including the downtown area, the waterfront district, and the larger airport area. The surrounding city and water are visible in shades of brown, green, and blue.

Port of Seattle Facilities

Maritime Int'l Trade:
\$16.3 Billion
in total economic activity*

SEA Airport:
\$22.5 Billion
in total economic activity

All Port Activities
121,200
DIRECT JOBS

** In partnership with the Northwest Seaport Alliance*

Century Agenda Drives Port Priorities and Budgets



- ★ 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

2020: Weathering the Storm

Impacts to All Lines of Business

Airport



70 percent decline in August

August 2019: 5,280,166 Passengers

August 2020: 1,566,780 Passengers

NW Seaport Alliance



14 percent decline in August

July 2019 TEUs: 320,564

July 2020 TEUs: 276,407

Cruise



100 percent decline

August 2019: 45 homeport calls

August 2020: 0 homeport calls

Industry shocks and recovery periods



2020 Revised Aviation Revenue Forecast

- Aeronautical revenues down 16.8 percent
- Airport Non-Aero revenues down 57.1 percent
- Non-airport revenues down 29.0 percent

2020 Operating Budget?

- Ask Borgan for Operating Expenses Visual
 - How do we manage operating expenses at SEA in 2020
 - We adjusted

Adjustments Due to COVID-19



March: Deferred \$28 million of cash funded projects

April: Accelerated projects to take advantage of lower operational impacts

May/June: New and existing project review

- Added and deferred projects to maintain no net increase in spending for 2021 - 2025

July/August: Addressed known, underfunded projects and recently proposed projects to create full visibility of needs.

- Confirmed need for projects in design and under construction

Projects Deferred

CIP Number	CIP Description	Capital Project Budget	Aviation Objectives	Prioritization
C800900	Garage Ancillary Renewal/Replacement	\$1,935,434	Asset Management; Capacity	Med High
C801121	Port Shared Lounge Concourse A	\$7,700,000	Financial Sustainability; Partners	Med High
C800804	Water Hammer Attenuation	\$500,000	Asset Management; Environment	Med Low
C801133	SSAT Meditation room	\$1,100,000	Customer Experience	Med Low
C801131	North End Airport Support	\$10,000,000	Capacity; Partners	Med Low
C801132	Pre-Security Tenant Offices	\$7,900,000	Capacity	Med Low
C801056	New Leasable Space	\$28,600,000	Capacity; Partners	Med low
C801129	Play Area Renovation	\$1,100,000	Customer Experience	Med Low
C801054	Smoking Shelters South Upper Drive	\$550,000	Customer Experience	Med Low
C801047	Cooling Tower Upgrades	\$3,800,000	Asset Management	Med Low
C800940	Utility Meter Networking	\$10,367,000	Environment	Med Low
C801039	Elevator/Escalator Communication Cards	\$6,000,000	Customer Experience; Asset Management	Low
C800864	Water System Alternate Source	\$3,000,000	Financial Sustainability	Low
C801135	North Cargo Area Improvements	\$5,500,000	Partners	Low
C801049	Restroom A, CTE Renewal/Replacement	\$16,000,000	Customer Experience; Asset Management	Low
C800951	AOB Capacity Upgrades & Carpet	\$4,828,000	Capacity	Low
C801044	Carpet Replacement Concourse D	\$1,300,000	Asset Management	Low
C801158	Post IAF Airline Realignment	\$70,800,000	Partners	Low
C800903	Concourse B Mechanical Equipment	\$1,328,255	Asset Management	
C800947	South Satellite Mezzanine Club	\$2,030,000	Financial Sustainability	
C801160	A12A Jet Bridge	\$10,478,000	Customer Experience; Partners	
	Total Capital Budget	\$194,816,689		

Relief and Support

- Rent deferrals, lease extensions, eliminated airport MAG
- Support for impacted workers & small businesses
- Donated over 28k face coverings to King County hospitals and Communities in Schools

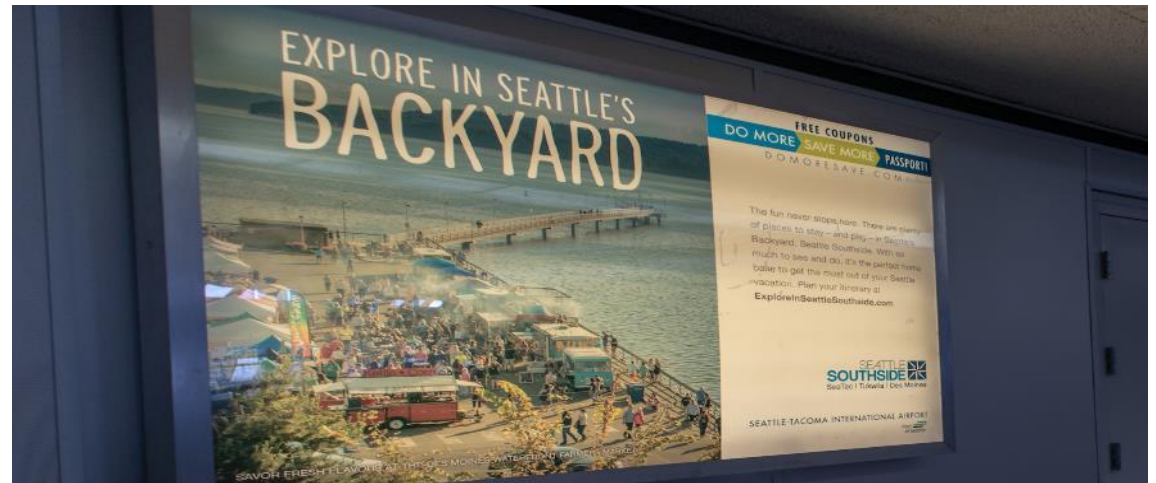


Community Investments

Opportunity Initiative



Tourism Support



Aviation Division: Leading the Recovery



Lance Lyttle

Managing Director,
Seattle-Tacoma International
Airport (SEA)

2021 Focus

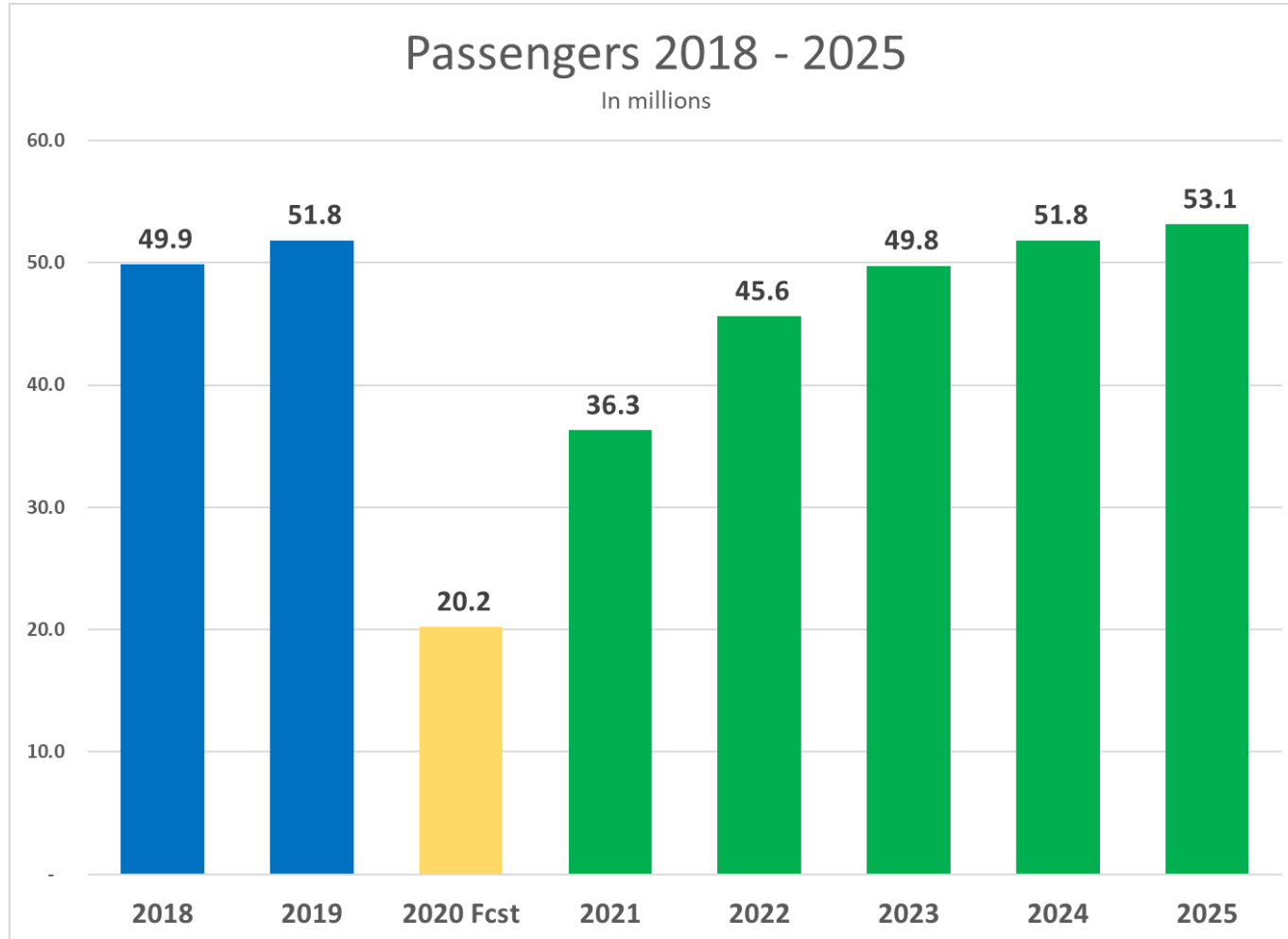
1. Closely track forecast and adjust as needed
2. Maintain essential services
3. Optimal level of service
4. Advance Aviation Division business goals

Passenger Recovery Forecast

- We continue to track closely to the 2020 forecast for 61% down
- No change to 2021 forecast of 30% down
- Forecasting recovery to 2019 passengers by 2024
 - Optimistic recovery would be 2022- 2023
 - More pessimistic recovery would be 2025 - 2026



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%

- **Triggers:** Need for projects reviewed and confirmed with forecast updates

Maintain Essential Services - FlyHealthy@SEA



FACE COVERINGS ARE REQUIRED



200+ PROTECTIVE BARRIERS



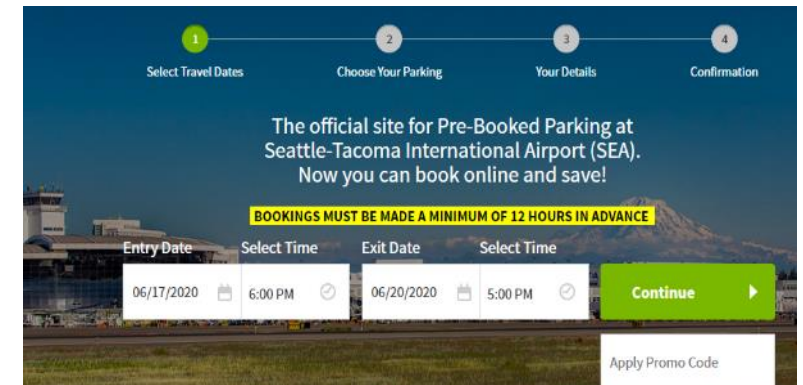
DINING AND RETAIL PROTOCOLS



FREQUENT SANITATION



250+ HAND SANITIZERS



NO TOUCH TECHNOLOGY

Maintain Essential Services – Current Projects



**INTERNATIONAL ARRIVALS
FACILITY - \$970 Million**



**NORTH SATELLITE
MODERNIZATION - \$710 Million**



**BAGGAGE OPTIMIZATION
MODERNIZATION - \$525 Million**

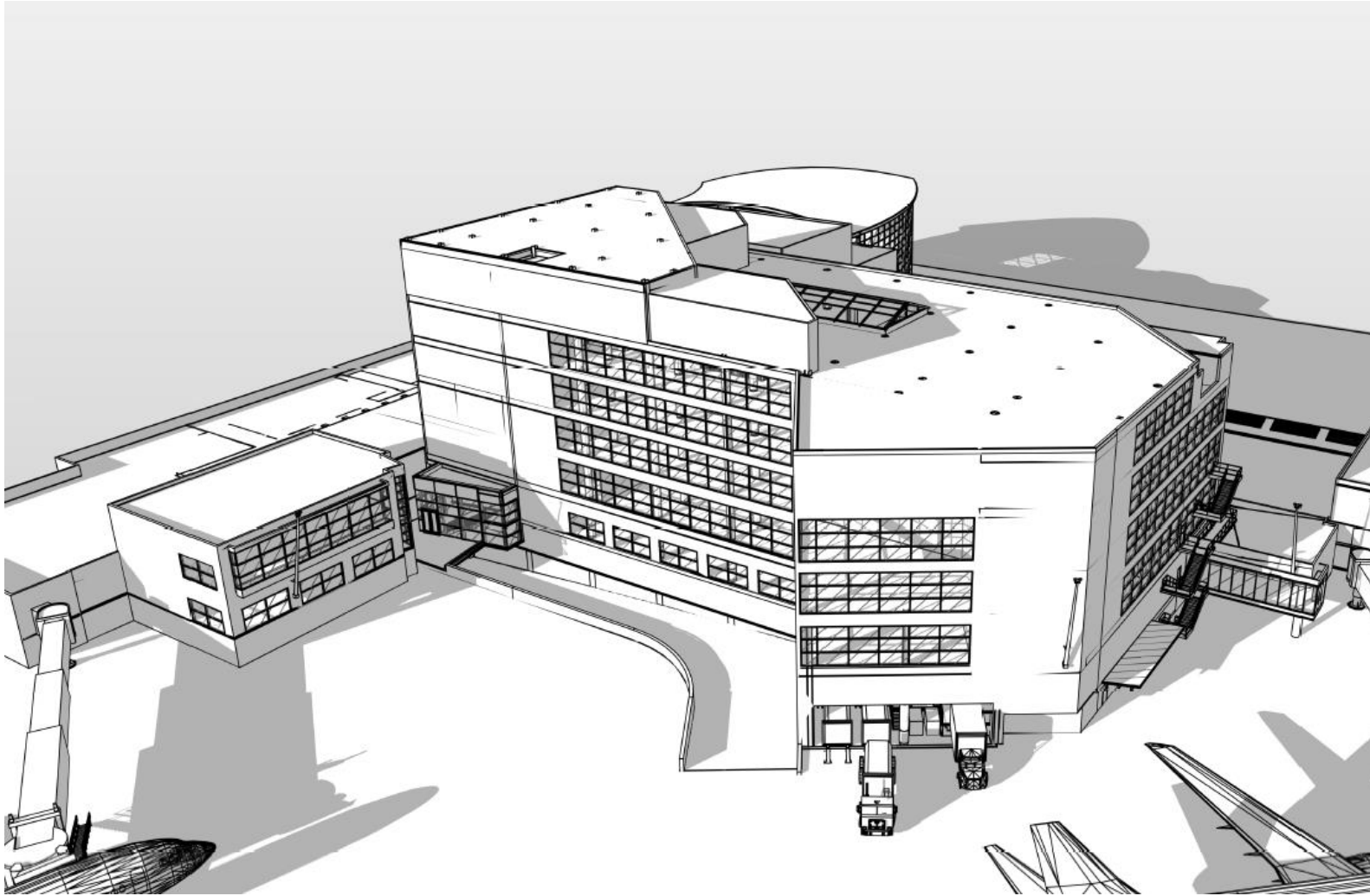


**Terminal 5 Modernization
Project - \$167 Million**

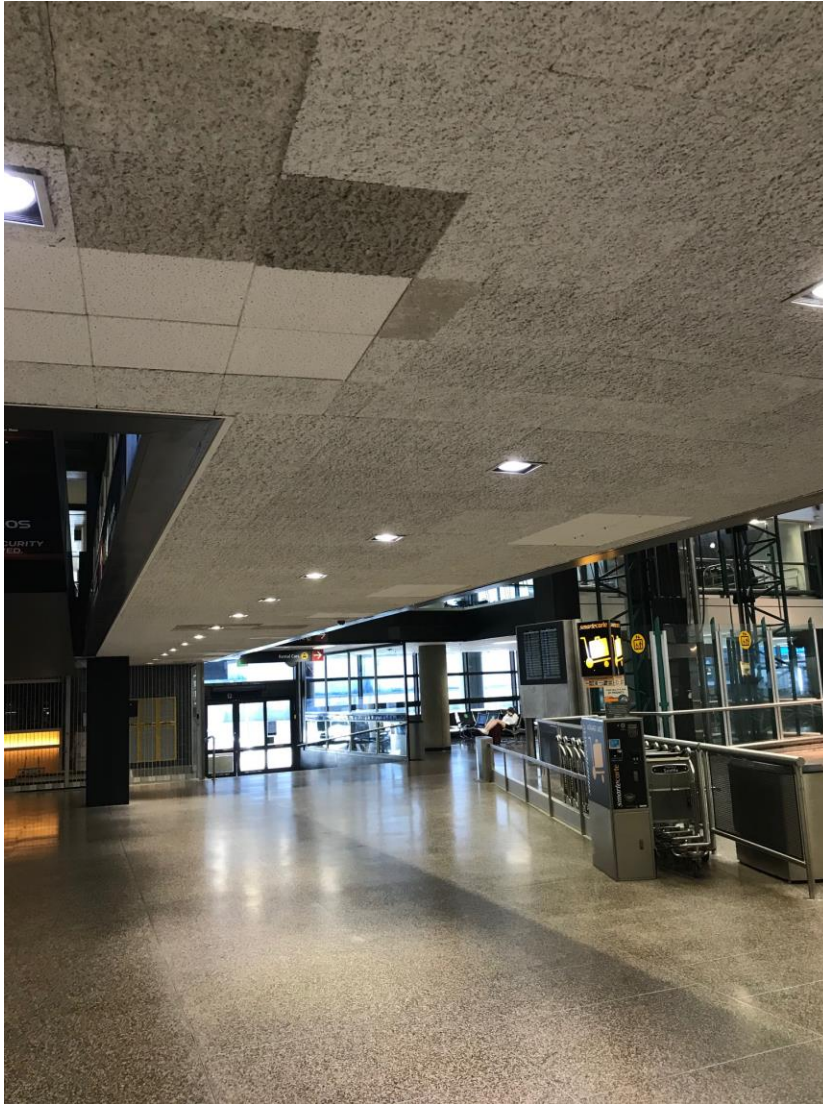


**Central Terminal
Upgrade - \$22 Million**

Optimal Level of Service – C1 Building Expansion



MT Infrastructure (Sprinklers & Smoke Control)



Noise Program



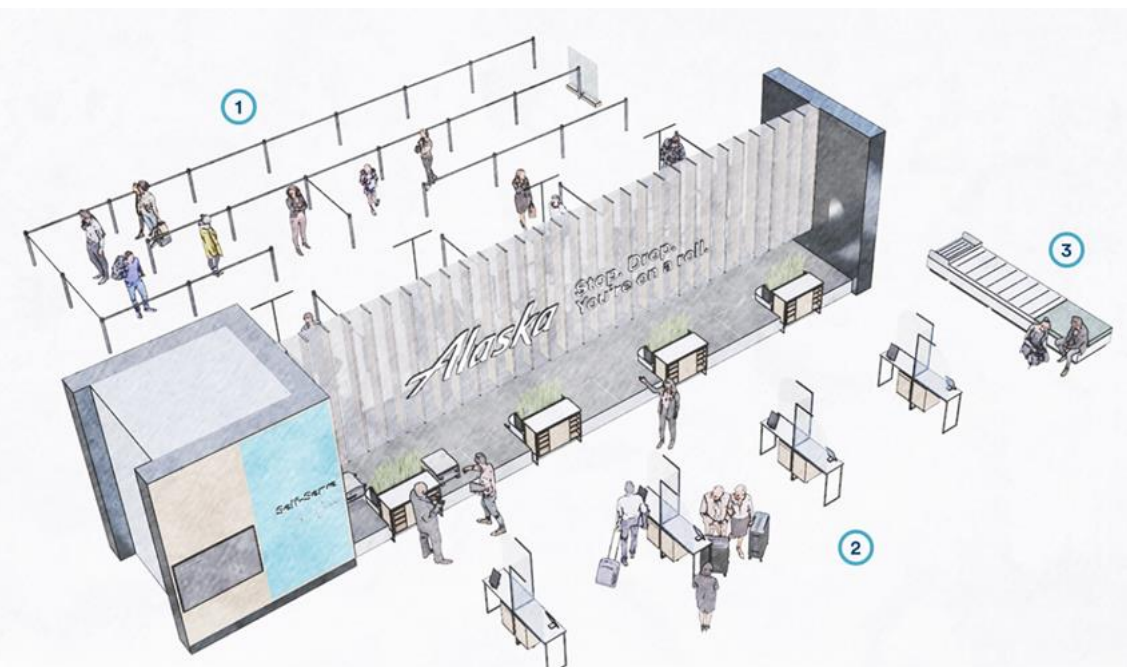
Legend

-  runways
-  Noise Remedy Boundary
-  City Boundaries

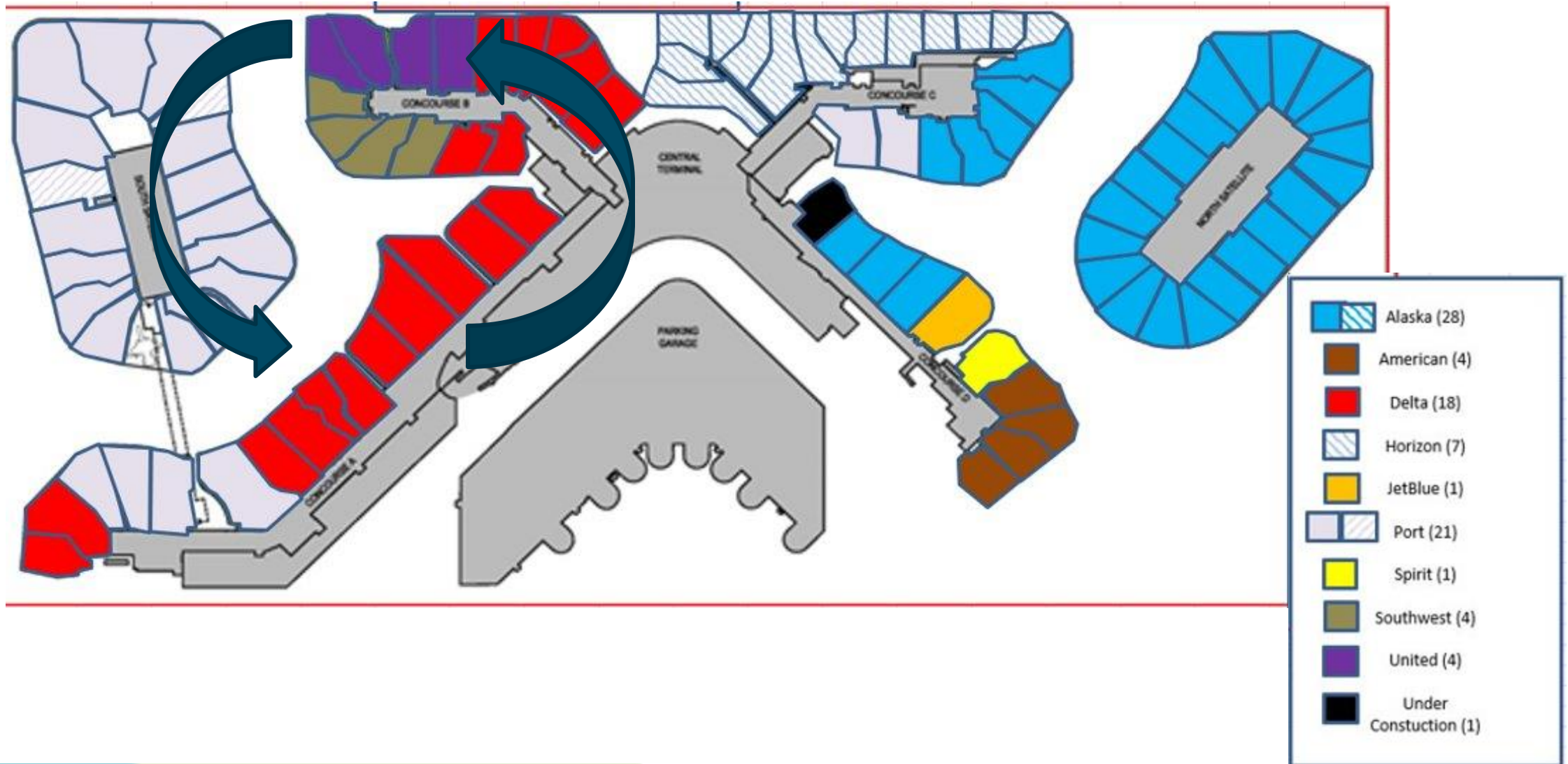
South Satellite Renovation



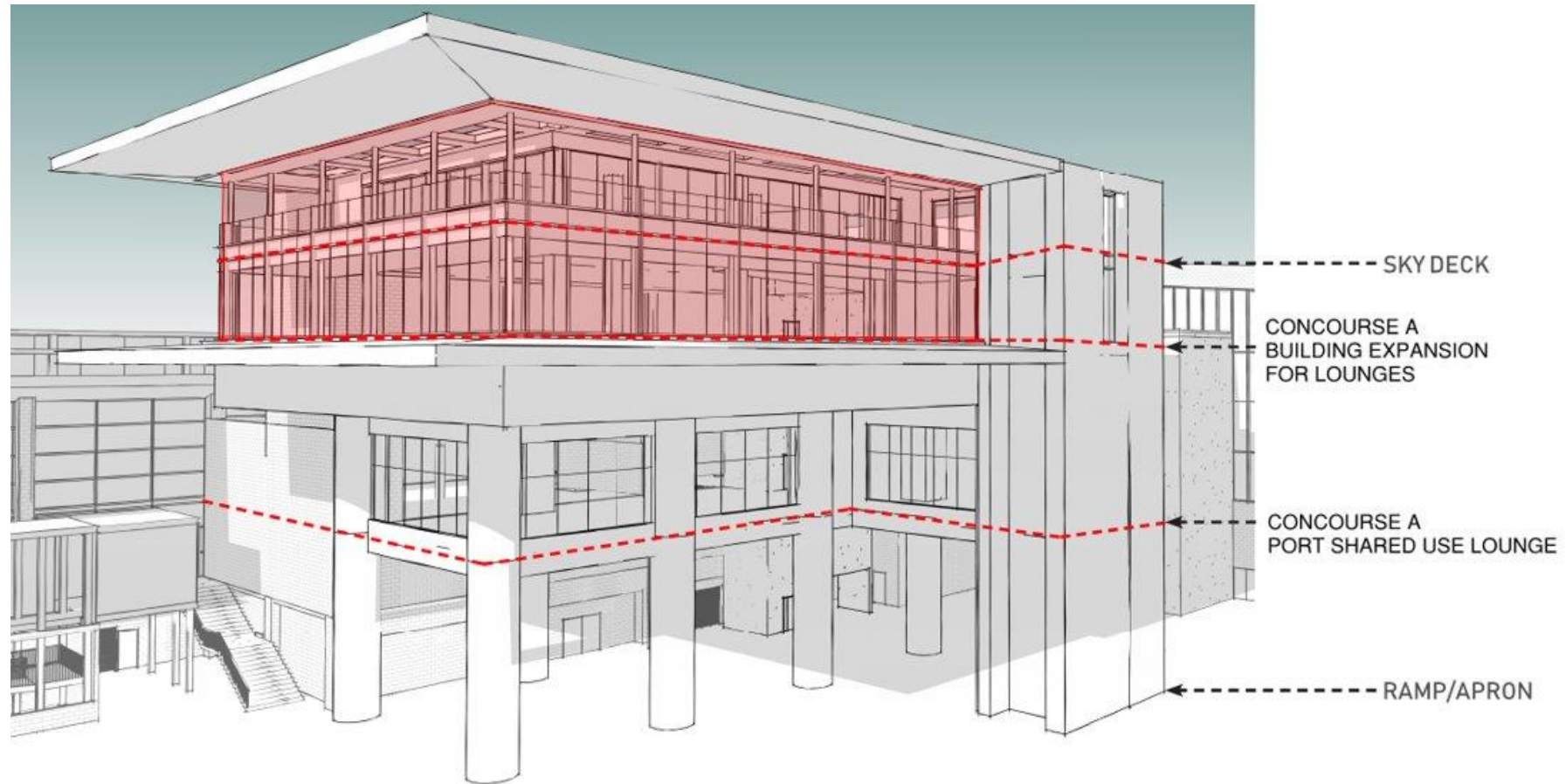
Zones 6&7 Renovation



Airline Realignment



Lounges

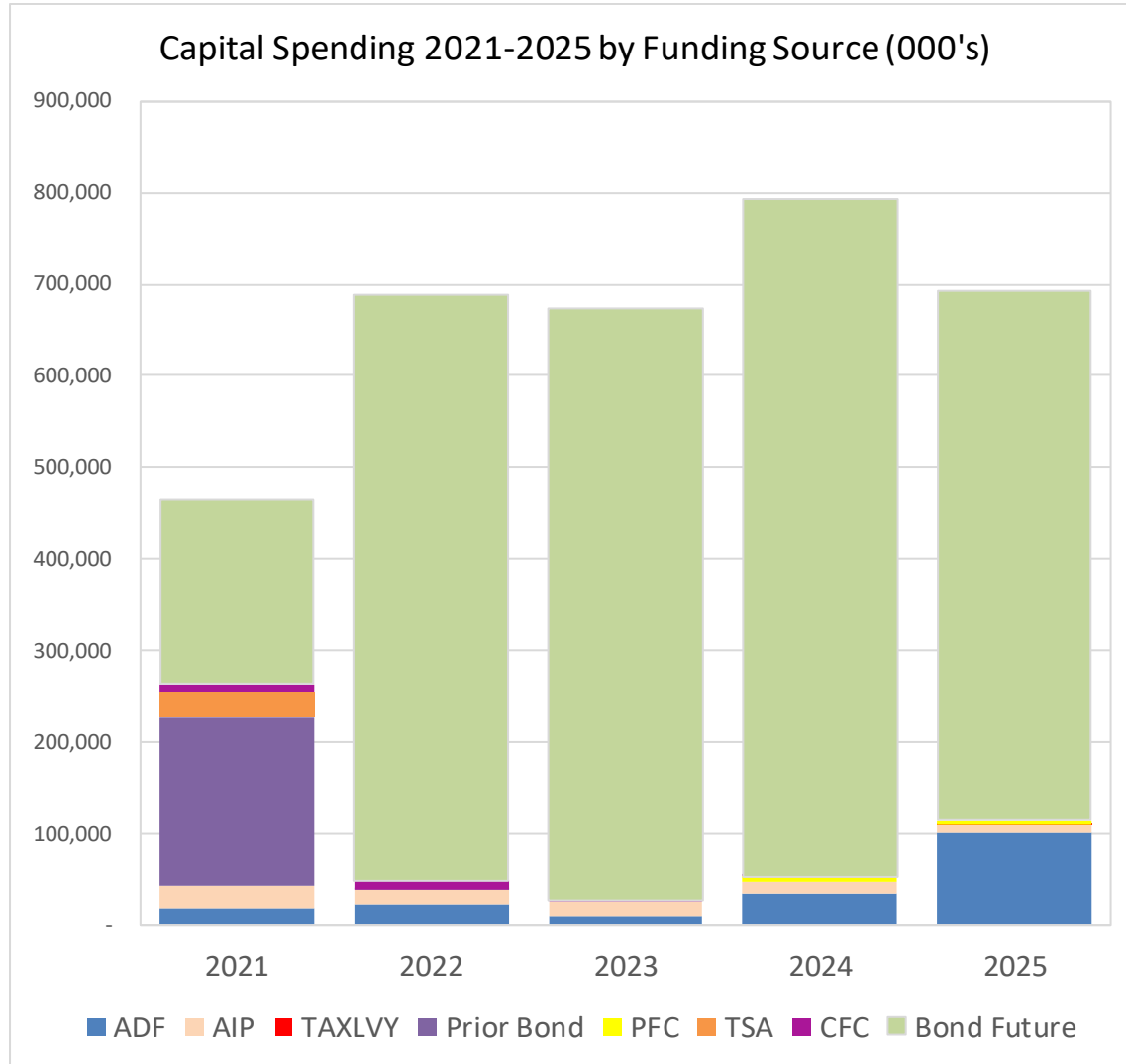


Capital Budget 2021 - 2025

	2020 FCST	Cash Flows (Figures in \$000s)					
		2021	2022	2023	2024	2025	2021 - 25 TOTAL
Three Mega Projects							
International Arrivals Facility	185,340	57,679	-	-	-	-	57,679
NSAT	156,246	93,014	32,956	-	-	-	125,970
Baggage Optimization	19,748	95,000	100,000	113,500	111,000	96,429	515,929
Subtotal - Three Major Projects	361,334	245,693	132,956	113,500	111,000	96,429	699,578
Other Capital Projects	173,354	271,568	278,983	227,627	266,296	255,312	1,299,786
SAMP Preliminary Planning / Design	-	-	96,750	93,000	62,000	21,050	272,800
Proposed New Projects	1,249	30,897	122,810	145,862	240,063	189,279	728,911
CIPs Reserves	-	-	5,000	60,000	112,516	130,000	307,516
Subtotal	535,937	548,158	636,499	639,989	791,875	692,070	3,308,591
CIP Cashflow Adj Reserve	-	(84,693)	50,816	33,877	-	-	-
Total Proposed CIP	535,937	463,465	687,315	673,866	791,875	692,070	3,308,591

- Proposing 28 projects totaling \$728M spending through 2025.
- CIP Reserve CIPs represent 9.2% of five-year capital budget
- Implementing CIP cash flow adjustment reserve to adjust 2021 cash flows

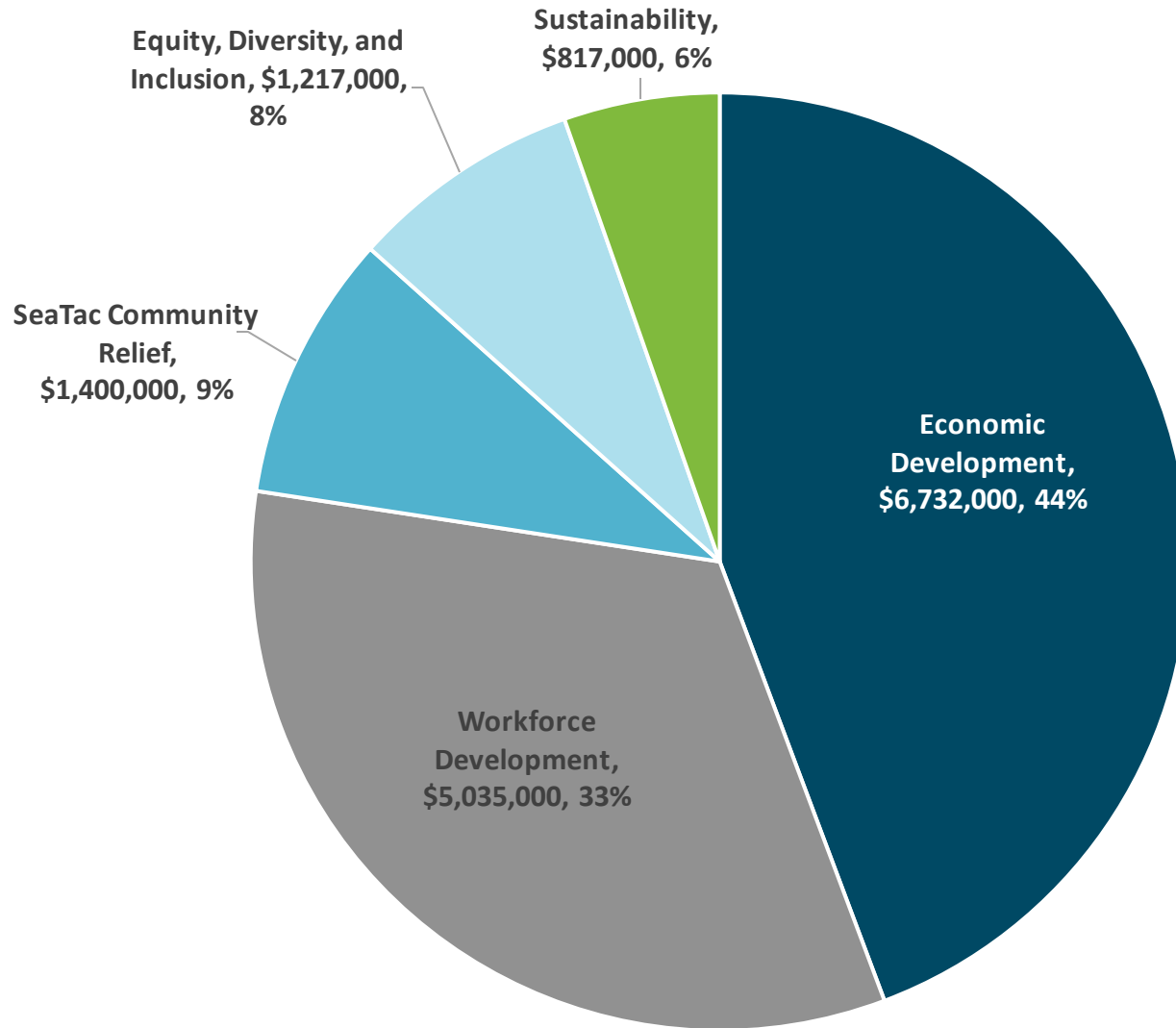
Funding Plan 2021-2025



- Revenue bonds are primary funding source
- Bond issue planned for 2021
- Most PFCs used to pay revenue bond debt service
- Extent of FAA grant funding for accelerated Noise program uncertain

Public Port, Community Benefit

Port Community Program Funding by Activity



Economic Development:

- Tourism Dept.,
- Spotlight Advertising,
- City Economic grants
- Diversity in Contracting Dept.,
- Maritime Innovation
- South King County Fund

Workforce Development:

- High School Interns
- Workforce Development Department

Equity, Diversity & Inclusion

- EDI Department
- Duwamish Community Equity program

SeaTac Community Relief

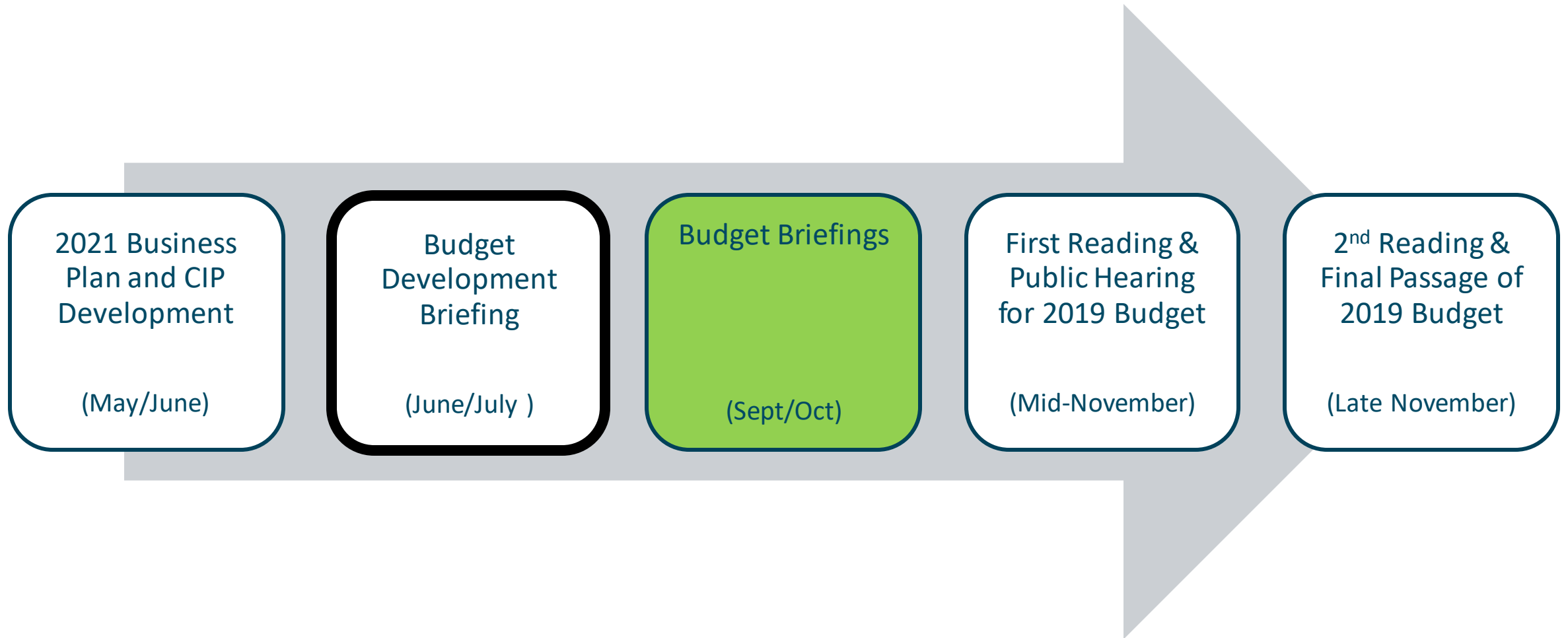
Sustainability:

- ACE Fund
- E&S Committee
- Low Carbon Fuel Standard
- Sustainable Aviation Fuels

2020 COMMUNITY PROGRAMS

Program (in \$000)	% levy funding	2019 Actual	2020 Budget	2020 Cost Reduction	2020 Adds	2020 Revised Budget	2021 Reduction (or transfer)	2021 Budget
Workforce Development	47	1,771	3,119	216	1,500	4,403	-1,721	2,682
Tourism Program	56	1,338	1,536	194	300	1,642	+839	2,481
South King County (SKC) Fund	100	-	1,500	0	-	1,500	-180	1,320
City of SeaTac Community Relief	100	1,400	1,400	0	-	1,400	0	1,400
Diversity in Contracting (formerly Small Business)	13	883	1,520	188	-	1,332	+170	1,502
Airport Spotlight Ad Program	100	934	1,148	0	-	1,148	-448	700
EDD Partnership Grants	100	763	960	0	-	960	-50	910
Equity, Diversity & Inclusion	0	566	1,346	420	-	925	+137	1,062
High School Internship Program	0	529	657	25	-	632	-132	500
Airport Community Ecology (ACE) Fund	100	260	522	0	-	522	-310	212
Duwamish Valley Community Equity Program	100	-	292	0	-	292	-17	275
Energy & Sustainability (E&S) Fund	100	283	250	100	-	150	+100	250
Maritime Blue Partnership	100	-	150	0	-	150	0	150
Low Carbon Fuel Standard Support	0	-	150	45	-	105	-30	75
Sustainable Aviation Fuels & Air Emissions Program	0	-	40	0	-	40	-40	0
TOTAL	60	8,727	14,590	1,188	1,800	15,201	-\$1,682	\$13,518
				=8.1 % reduction	= 12.3% addition			

2021 Budget Timeline



Remaining 2021 Budget Schedule

- **Aviation division budget community briefing (10/8)**
- Operating division budgets briefing (10/13)
- 2021 Preliminary Budget Document Available to the Commission (10/20)
- **Maritime and EDD division budget community briefing (10/22)**
- 2021 Tax Levy & Draft Plan of Finance Commission Briefing (10/27)
- NWSA Budget Study Session by Managing Members (10/28)
- Introduction and Public Hearing of the 2021 Budget (11/10)
- Commission Approval of the 2021 ILA between POS and the NWSA (11/10)
- NWSA Budget Adoption by Managing Members (11/11)
- Adoption of the 2021 Budget (11/17)
- Filing of 2021 Statutory Budget with King County Council & Assessor (12/3)
- Release of 2021 Budget to the Public (12/15)

Your Questions



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