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
In partnership with the Northwest Seaport Alliance

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

*August 2020 vs August 2019*
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
• 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

<table>
<thead>
<tr>
<th>CIP Number</th>
<th>CIP Description</th>
<th>Capital Project Budget</th>
<th>Aviation Objectives</th>
<th>Prioritization</th>
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<tr>
<td>C800900</td>
<td>Garage Ancillary Renewal/Replacement</td>
<td>$1,935,434</td>
<td>Asset Management; Capacity</td>
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<td>C801121</td>
<td>Port Shared Lounge Concourse A</td>
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<td>C800804</td>
<td>Water Hammer Attenuation</td>
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<td>C801133</td>
<td>SSAT Meditation room</td>
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<td>C8001151</td>
<td>North End Airport Support</td>
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<tr>
<td>C801152</td>
<td>Pre Security Tenant Offices</td>
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<tr>
<td>C801056</td>
<td>New Leasable Space</td>
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<td>C801054</td>
<td>Smoking Shelters South Upper Drive</td>
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<td>C801047</td>
<td>Cooling Tower Upgrades</td>
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<td>C801039</td>
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<td>C800864</td>
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<td>C801135</td>
<td>North Cargo Area Improvements</td>
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<td>C801049</td>
<td>Restroom A, CTE Renewal/Replacement</td>
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<td>C800951</td>
<td>AOB Capacity Upgrades &amp; Carpet</td>
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<td>C801044</td>
<td>Carpet Replacement Concourse D</td>
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<td>C801158</td>
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<td>C800903</td>
<td>Concourse B Mechanical Equipment</td>
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<td>C800947</td>
<td>South Satellite Mezzanine Club</td>
<td>$2,030,000</td>
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<td>C801160</td>
<td>A12A Jet Bridge</td>
<td>$10,479,000</td>
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<tr>
<td><strong>Total Capital Budget</strong></td>
<td></td>
<td><strong>$194,816,589</strong></td>
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</table>
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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Change Vs. 2019</th>
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<tbody>
<tr>
<td>2020</td>
<td>-61.0%</td>
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<tr>
<td>2021</td>
<td>79.5%</td>
</tr>
<tr>
<td>2022</td>
<td>25.7%</td>
</tr>
<tr>
<td>2023</td>
<td>9.1%</td>
</tr>
<tr>
<td>2024</td>
<td>4.2%</td>
</tr>
<tr>
<td>2025</td>
<td>2.5%</td>
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</table>
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
South Satellite Renovation
Zones 6&7 Renovation
Airline Realignment
Lounges
### Capital Budget 2021 - 2025

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

- 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.
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

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

- **2021 Business Plan and CIP Development** (May/June)
- **Budget Development Briefing** (June/July)
- **Budget Briefings** (Sept/Oct)
- **First Reading & Public Hearing for 2019 Budget** (Mid-November)
- **2nd Reading & Final Passage of 2019 Budget** (Late November)
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
Dan Thomas
Chief Financial Officer
Dave McFadden
Managing Director,
Economic Development Division