



Seattle-Tacoma
International
Airport

Item No. SS supp

Date of Meeting October 11, 2022

2023 Operating & Capital Budget

Aviation Division

Commission Briefing

October 11, 2022

Outline for Aviation presentation

- Strategy to Budget
- Strategic priorities
- Operating budget
- Capital Budget 2023 – 2027
- Financial forecast 2023 – 2027
- Appendix with budget request details and performance reports

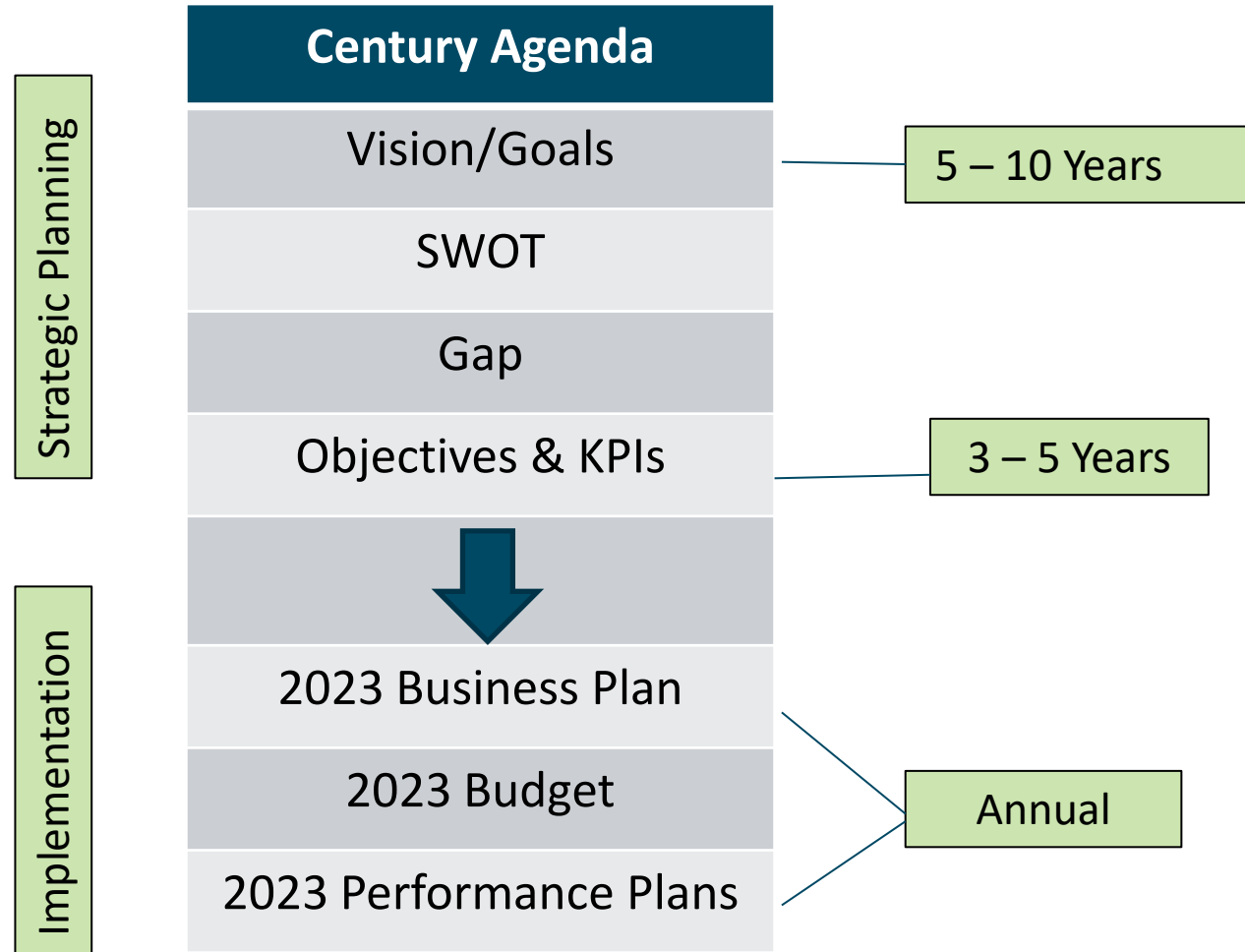
Century Agenda Drives Division Plans and Budgets



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 (EDI)
- Be a Highly Effective Public Agency

Strategy To Budget Process



SWOT Profile

Strengths:

- Well positioned as int'l gateway
- New Facilities: NSAT and IAF
- Employees' ability to adapt and innovate
- SEA Brand, customer focused culture

Weaknesses:

- Increasing airport cost to airlines/tenants
- Project construction impacts
- Capital program affordability; resources to deliver
- Staffing challenges

Opportunities:

- Regional economy, demand for travel
- Emerging technologies to enhance customer experience
- IAF: attraction for new int'l service
- Growth through AAG alliance with **oneworld**

Threats:

- Pandemic uncertainties
- Volatile construction market, supply chains, increasing costs
- Community concerns
- Lack of progress on SAMP env. review
- High inflation and risk of recession

SEA Strategic Focus Remains the Same

Aviation Areas of Strategic Focus

1. Health and Safety
2. Security
3. Employee Engagement
4. Community
5. Innovations and Operational Efficiencies
6. Economic Opportunities and Social Responsibility
7. Customer Experience
8. Environment and Sustainability
9. Financial Sustainability
10. Asset Management, Capital Development and Delivery



- 5 Star Skytrax Rating
- 75 Minutes MCT
- 45 Minutes – Clocktower to Gate
- Level of Service – Optimum
- Top 25 ASQ World Ranking



Setting Priorities for 2023

- **Reviewed and updated for each of ten focus areas:**
 - Vision and long-term goals
 - 2027 Objectives
 - 2023 Objectives
- **Set priorities for 2023:**
 - Must Do/Regulatory
 - Wildly important goals (WIGs)
 - Pretty important goals (PIGs)

Must Do/Regulatory

1. **Safety:** Zero major, intermediate or repeat Part 139 discrepancies
2. **Security:** Complete construction of Secured Area Vehicle Checkpoints by Q4
3. **Environment & Sustainability** – Meet or exceed all permit conditions for:
 - Stormwater
 - Wastewater
 - Land stewardship
 - Point source air emissions
 - Hazardous materials/wastes

Wildly Important Goals (WIGs)

- 1. Health and Safety:** Achieve 5% reduction in major incident rate (~15.7)
- 2. Community:** Complete 15% of 2014 Part 150 noise remedy program
- 3. Customer Experience:** Retain the Skytrax Best Airport (North America) designation

Wildly Important Goals (WIGs)

4. Financial:

- Achieve debt service coverage $> 1.4x$
- Achieve cash balance = 15 months of O&M costs

5. Capital Development:

- Achieve 75% of the Capital Program schedule milestones in the 2023 AV Business Plan Objectives and Actions
- Achieve 75% of planned expenditures for all CIP projects

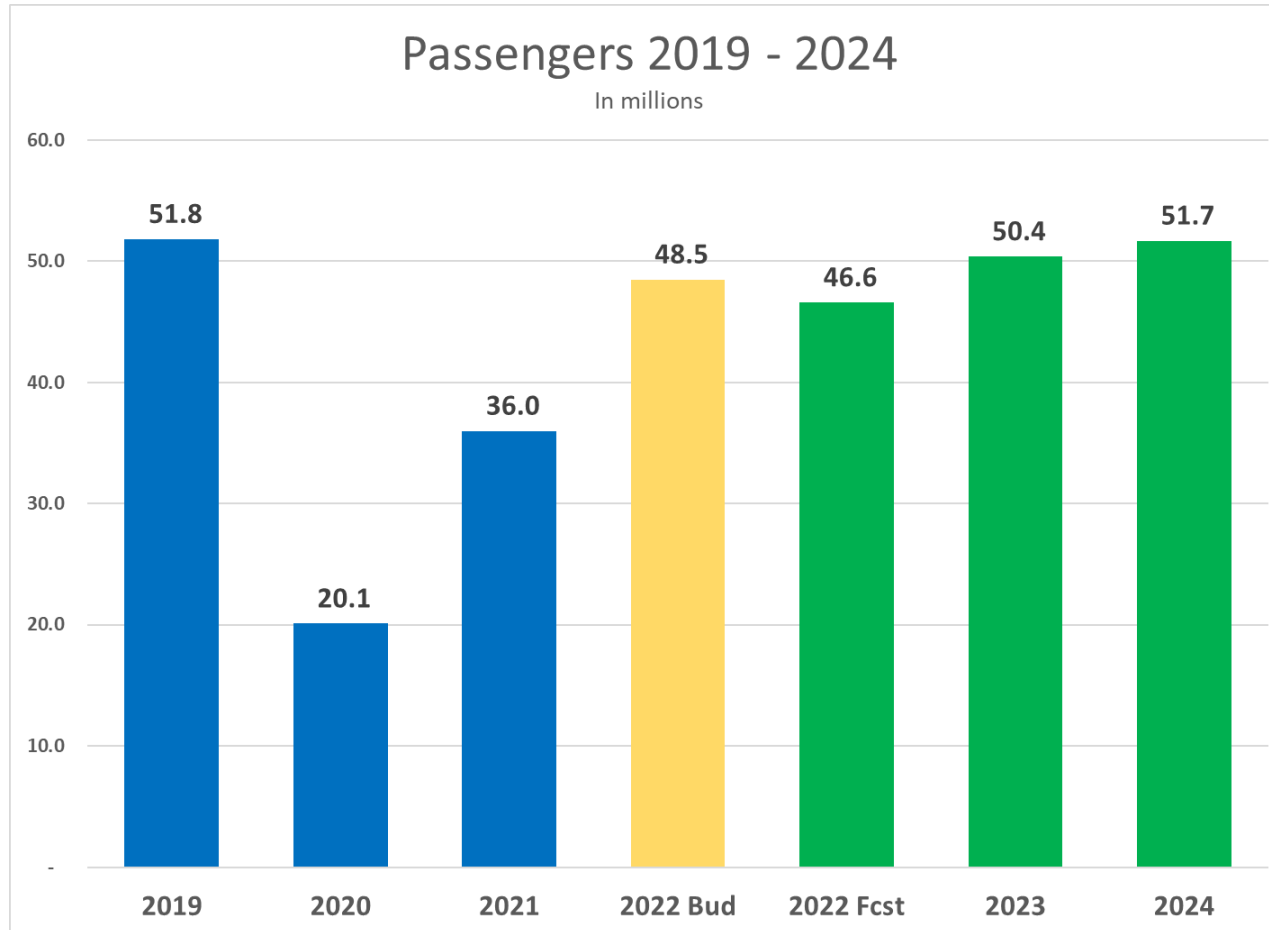
Pretty Important Goals (PIGs)

1. **Safety:** Achieve $\geq 93\%$ safety evaluation score
2. **Security:** Successfully conduct an active-shooter full-scale exercise focused on PD/FD coordination and Rescue Task Force in Q4 2023
3. **Community:** Meet 2023 milestones for StART Noise Working Group and Federal Policy Working Group initiatives
4. **Innovation & Operational Efficiency:** Increase VQ activity by 10% over 2022 levels
5. **Environment & Sustainability:** Establish a policy on electrical system upgrades at the Rental Car Facility that could accommodate EV charging for rental car vehicles by end of Q4

2023 Budget Context

- High inflation, baseline costs (payroll especially) growing
- Risk of economic recession
- Still in recovery mode, approaching 2019 passenger level
- Non-aero revenues rebounding – will be well above 2019
- Airline revenues (airport costs) growing significantly:
 - Increased capital and O&M costs due to new facilities (IAF, NSAT)
 - Little remaining federal relief grants in 2023 to offset costs
 - Aero revenues will be well above 2019, yet passenger level still below, so CPE will increase
- Planning for major capital program

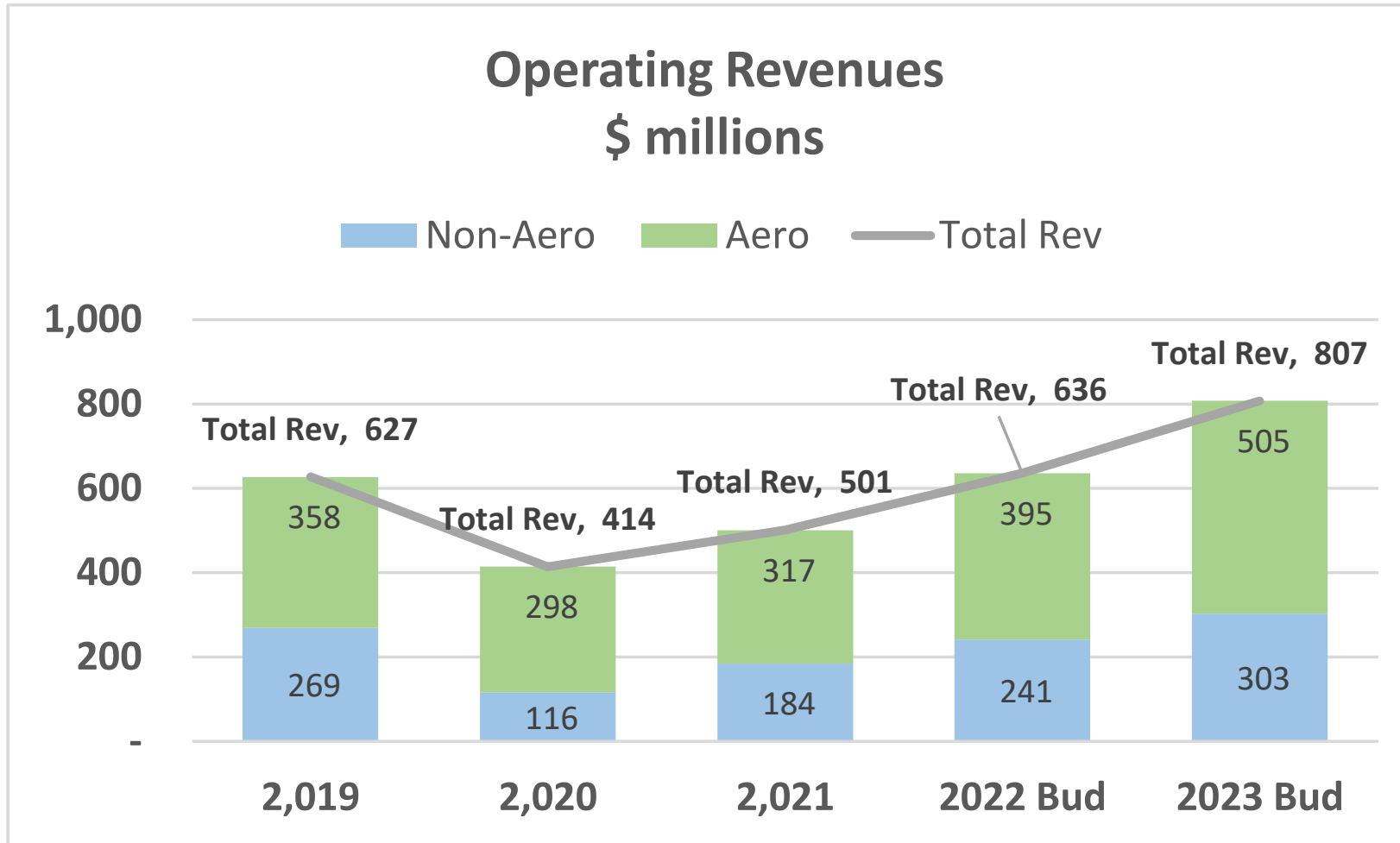
Passenger Recovery Forecast



	Annual Change	Vs. 2019
2020	-61.2%	-61.2%
2021	79.1%	-30.5%
2022	29.4%	-10.1%
2023	8.2%	-2.8%
2024	2.6%	-0.2%

- 2022 forecast revised down from 2022 budget
- 2023 is 3.9% above 2022 Budget
- Near 2019 passenger level by 2024

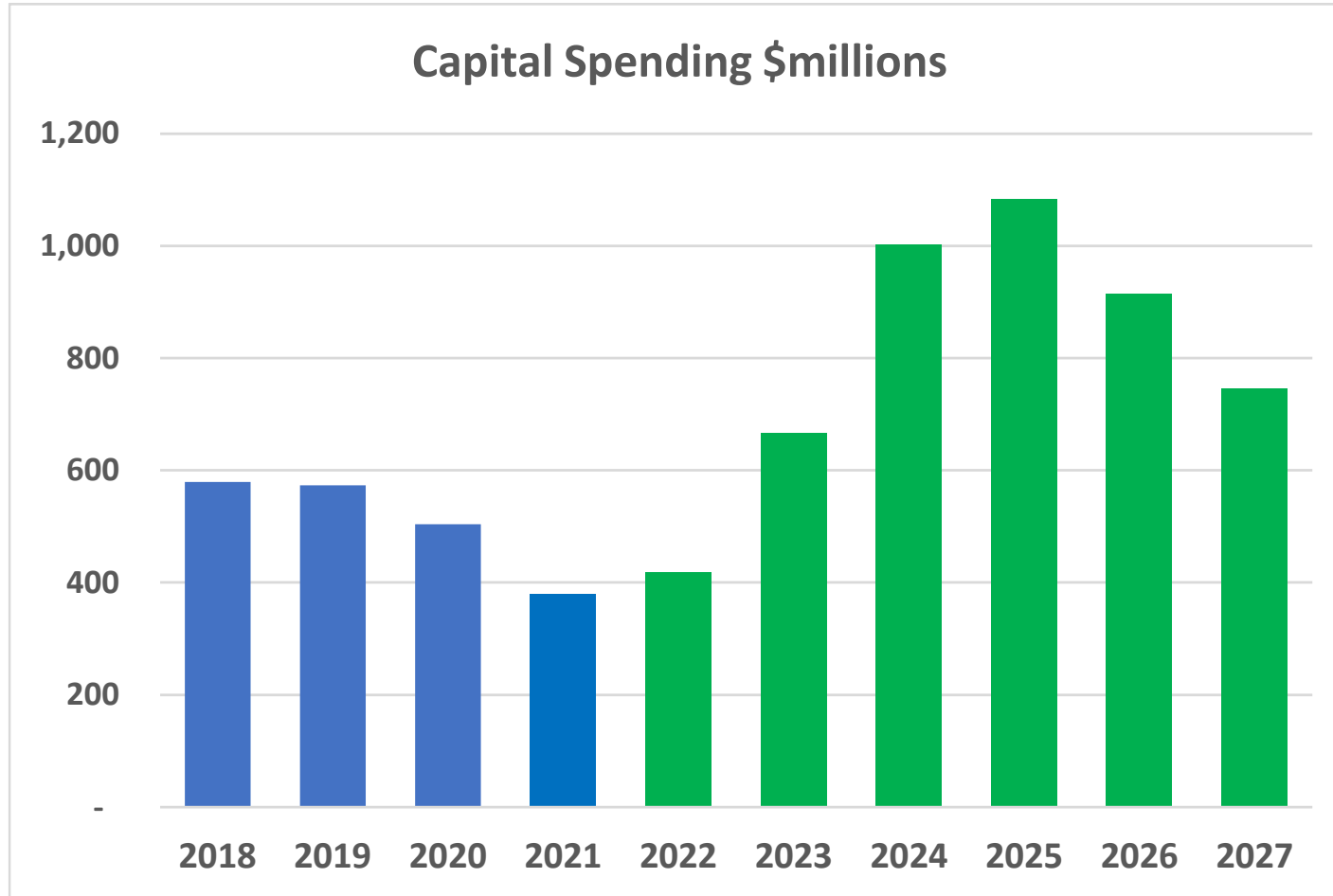
Strong Operating Revenue Recovery



2023 Revenues:

- 27% above 2022 Budget
- 29% above 2019 Actuals
- Aero revenues are primarily cost recovery: costs are rising and grant offsets are declining

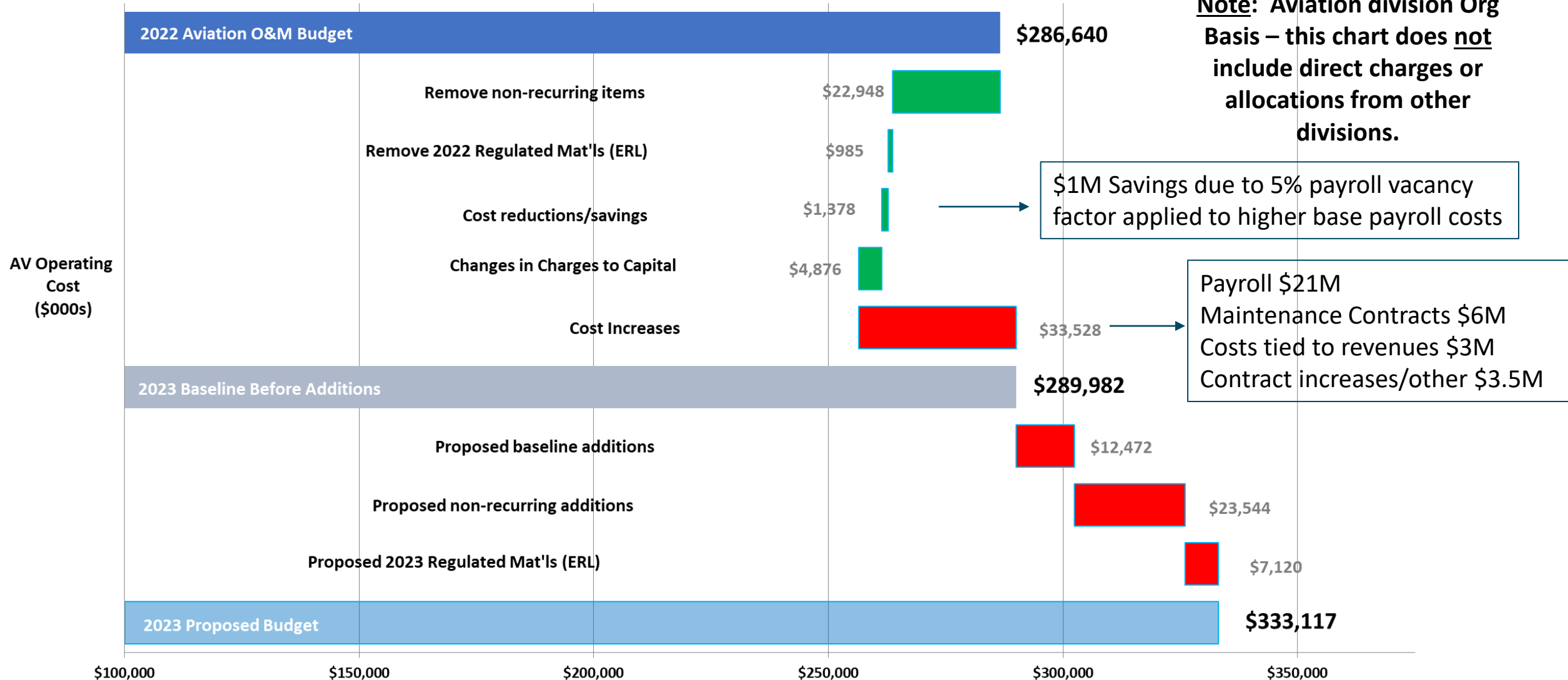
Preparing for Major Growth of Capital Program



- 2025 would be highest annual spending ever
- 2023 Operating budget will add resources to effectively plan and deliver growing capital program
- Forecast excludes Sustainable Airport Master Plan (SAMP) near-term projects

Aviation Operating Expense Budget Changes

Note: Aviation division Org Basis – this chart does not include direct charges or allocations from other divisions.



Summary of Proposed Budget Additions

All amounts in \$000

Expense Items	Requests	Approved
Number	210	122
Amount (\$000's)	\$52,599	\$36,016
Number of FTEs		
Unfreeze	5	3
New	61.7	20
Total FTEs	66.7	23

Category	Number of Requests	Amount in \$000's
Musts/Regulatory	26	4,746
WIGs	41	13,202
PIGs	14	3,364
Airline Realignment	2	6,883
Other	39	7,821
Total	122	\$36,016

WIGs = Wildly important goals (top strategic priorities)

PIGs = Pretty important goals (other strategic priorities)

Largest Proposed Budget Requests

- Significant portions of Airline Realignment project are accounted for as expense
- Consolidated customer services contract for IAF, other areas
- Many continuing initiatives are re-approved annually to manage scope and cost
- ADR tenant janitorial is a pass-through (100% recovered from tenants)
- Sustainable AV fuels pilot project
- Air service incentives are contractual obligations.

Description	Amount in \$000
Airline Realignment	6,827
Consol. Cust. Services Contract	4,962
Planning consultant support (3)	2,625
New FTEs (23)	2,130
SAMP Env review	1,480
PMG expenses tied to CIPs	1,025
Smarte Carte contract increase	1,000
ADR tenant janitorial	1,000
SAF co-benefits pilot project	1,000
New air service incentives	900
Consultant PMs for tenant proj.	791
Asset management program	700
ABD & Fire support services	505
Part 150 study	500
Cargo building fire protection	500
Art restoration	500
Other	9,571
Total	36,016

Other Highlighted Budget Requests

Description	Amount in \$000
Environment & Sustainability	
PFAS planning	400
Building energy efficiency audit	300
RCF electrical system planning	200
NREL passenger mode choice model	200
GT emissions reductions strategy	150
Preconditioned Air Support	150
Land stewardship goals & tree standards	30
Economic Opportunities & Social Responsibility	
Child Care study	100
Anti-Human trafficking training	100

Description	Amount in \$000
Customer Experience	
Construction communication "Upgrade SEA"	300
Smart Restroom expansion	200
Virtual concierge software	160
Live music	80
Financial Sustainability	
Appraisal for non-aero rent adjustments	200
Off-airport parking PR consultant	150
Non-aero revenue sponsorship study	150
ADR consultant	125
Real estate strategy	50

Pending Budget Request

- One item still under development:
 - Amenities for Transportation Network Company drivers
 - Scope and alternatives still under development/refinement
 - This could be a capital budget request
- Could be mid-year addition to operating and/or capital budget during 2023.

Breakout of Budget Requests

Budget Request Category	# of Requests	2023 Budget Requests			
		FTEs	Baseline	Non-Recurring	Total
Health and Safety	15	3.0	1,116,515	1,287,500	2,404,015
Security	1	0.0		132,885	132,885
Community	5	1.0	234,419	603,700	838,119
Innovations and Operational Efficiencies	15	2.0	192,328	1,766,444	1,958,772
Economic Opportunities and Social Responsibility	5	0.0	180,000	350,000	530,000
Customer Experience	31	7.0	9,122,682	2,793,192	11,915,874
Environment and Sustainability	18	3.0	348,477	4,466,500	4,814,977
Financial Sustainability	4	1.0	74,859	372,500	447,359
Asset Management, Capital Development and Delivery	28	6.0	1,202,768	11,770,991	12,973,759
Grand Total	122	23	\$ 12,472,048	\$ 23,543,712	\$ 36,015,760
2023 Budget Requests - Initial Requested	211	66.7	\$ 20,952,544	\$ 31,646,465	\$ 52,599,009

New FTEs – Drivers

Purpose	Description	FTEs
Support growing capital program	Project Manager V, Controls Manager, Project Development Specialist, Admin for CDO, Building inspector/plan examiner, Sr. Manager Fire Protection Engineering	6.0
Enhance customer experience	Accessibility coordinator, Volunteer Coordinator	2.0
Enhance Community Support	Airport Noise Coordinator	1.0
Improve Energy Efficiency	Energy Manager	1.0
Improve Asset Management	Mechanical Maint. Engineers (3), Firefighter A - Mechanic, Baggage Ops System Specialist, Automated Control Specialist, Sr. CAD-BIM Specialist	7.0
Enhance Operational/ Organizational Effectiveness & Workload	Landside Supervisor, Financial Analyst, Utilities Billing Analyst, Environmental Management Specialist, ADR Admin Assistant, Admin Staff Assistant	6.0
TOTAL		23.0

Strategic addition of FTEs to achieve key initiatives

NEW FTEs REQUESTED IN 2023 BUDGET

FTEs Requested in 2023 Budget

New FTEs requested in 2023 Budget	20.0
Unfreeze FTEs requested in 2023 Budget	3.0
Total FTEs Requested in 2023 Budget	23.0

Aviation FROZEN FTEs Summary

STATUS OF AVIATION FTEs FROZEN IN 2020		
Aviation positions identified & FROZEN in 2020		102.3
FROZEN positions eliminated		
Permanently eliminated in 2021	31.5	
Permanently eliminated in 2022	16.2	
Total FROZEN positions eliminated:		47.7
FROZEN positions approved to hire		
Approved to Unfreeze 2021 mid-year	15.0	
Approved to Unfreeze in 2022 Budget	36.6	
Total FROZEN positions approved to hire		51.6
Unfreeze FTEs requested in 2023 Budget		3.0
Remaining FROZEN positions in Aviation:		(0.0)

Total Airport Expense Summary

Total Airport Expense Summary (\$ in 000's)	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2022 Forecast	2023 Proposed Budget	Incr (Decr) Change from 2022 \$ %	
Operating Expenses								
Payroll (excludes Pension Credit)	150,643	159,805	157,207	167,454	167,831	189,477	22,023	13.2%
Outside Services	68,162	63,922	62,382	95,179	92,146	102,366	7,186	7.6%
Utilities	18,180	15,695	20,175	21,008	22,263	22,321	1,312	6.2%
Charges to Capital	(19,874)	(21,812)	(22,399)	(37,815)	(35,353)	(32,920)	4,895	-12.9%
Other Expenses	34,567	25,153	23,918	32,792	34,282	37,364	4,572	13.9%
Total Airport Direct Charges	251,679	242,764	241,284	278,619	281,170	318,607	39,988	14.4%
Environmental Remediation Liability	15,900	(2,361)	1,583	985	(1,712)	7,120	6,135	622.8%
Airline Realignment	-	-	-	6,578	2,052	6,883	305	4.6%
Capital to Expense	2,089	2,588	1,254	-	-	-	-	-
Total Exceptions	17,989	227	2,837	7,563	340	14,003	6,440	85.2%
Total Airport Expenses	269,668	242,990	244,121	286,182	281,511	332,610	46,428	16.2%
Corporate	70,318	73,261	71,550	78,940	77,382	92,679	13,739	17.4%
Police	24,587	24,265	23,473	27,658	24,826	30,264	2,606	9.4%
Maritime/Economic Development/Other	4,245	3,271	2,536	4,842	4,858	5,130	288	5.9%
Total Charges from Other Divisions	99,150	100,796	97,558	111,440	107,067	128,072	16,632	14.9%
Total Operating Expenses (Before Pension Credit)	368,818	343,787	341,679	397,622	388,577	460,682	63,060	15.9%
Reduced by Pension Credit	(13,601)	(14,107)	(47,462)	-	-	-	-	-
Total Operating Expenses (After Pension Credit)	355,217	329,680	294,217	397,622	388,577	460,682	63,060	15.9%

Payroll:

- Represented contract increases
- Non-Rep avg COLA 6%
- Non-Rep avg PFP 3%
- Payroll vacancy 5%
- 23 new FTEs

Non-payroll

- Expenses related to Capital Projects
- Contractual increases
- IAF full year OpExp



**15.8% expense growth
over 2022 Budget**

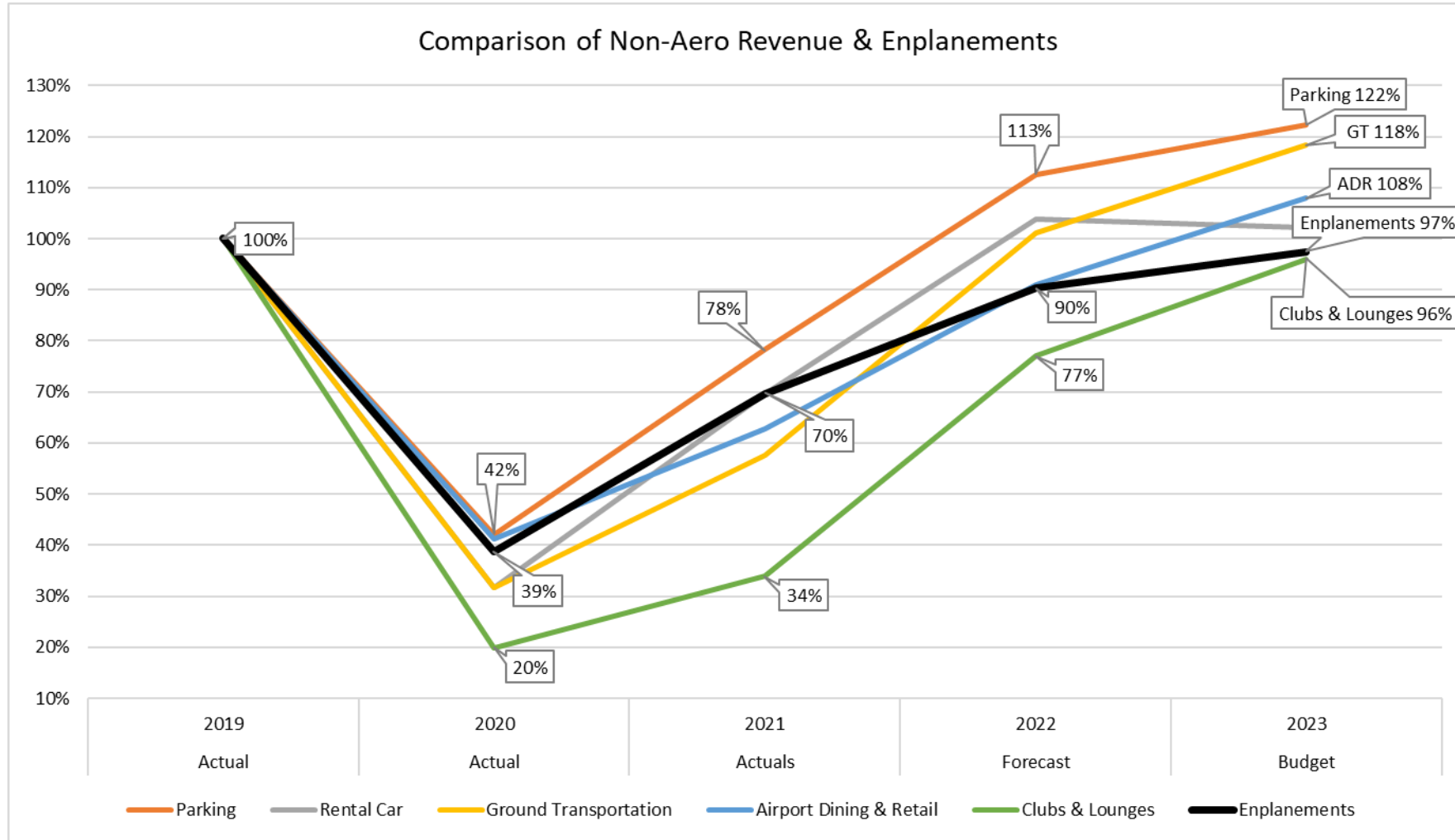
Pension credit shown separately from payroll in prior years

Budget Summary and Key Indicators

Budget Summary (\$ in 000's)	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2022 Forecast	2023 Proposed Budget	Incr (Decr) Change from 2022 \$ %	
Operating Revenue								
Aeronautical Revenues	357,598	297,909	317,513	394,963	392,787	504,817	109,854	27.8%
Non-Aeronautical Revenues	269,037	116,473	183,819	240,820	253,049	302,603	61,783	25.7%
Total Operating Revenues	626,636	414,382	501,332	635,783	645,836	807,420	171,638	27.0%
Operating Expenses <u>before</u> Pension Credit	368,818	343,787	341,679	397,622	388,577	460,682	63,060	15.9%
Reduced by Pension Credit	(13,601)	(14,107)	(47,462)	-	-	-	-	
Total Operating Expenses (after Pension Credit)	355,217	329,680	294,217	397,622	388,577	460,682	63,060	15.9%
Net Operating Income	271,418	84,702	207,114	238,160	257,259	346,738	108,578	45.6%
Federal Relief		147,148	95,065	98,000	131,696	9,997	(88,003)	-89.8%
Federal Relief (Concessions)			5,355	21,419	21,419	-	(21,419)	-100.0%
NOI (After Federal Relief Grants)	271,418	231,850	307,534	357,579	410,374	356,735	(844)	-0.2%
Debt Service Coverage	1.68	1.40	1.69	2.03	2.77	1.91	(0.12)	-6.1%
ADF Cash Balance - Months of O&M	10	10	12	14	14	15	1	7.1%
CPE	12.86	26.50	15.93	14.82	15.32	18.73	3.91	26.4%
Non-Aero NOI (\$ in 000s)	143,917	93,175	93,175	89,100	125,862	157,868	68,768	77.2%
Enplaned passengers (in 000s)	25,874	10,044	18,073	24,648	23,324	25,224	576	2.3%
Capital Expenditures (in 000s)	573,598	504,073	389,051	514,812	406,980	663,877	149,065	29.0%

Non-Aero Revenue Recovery as % of 2019 Actual

Reflects business performance before grants



Non-Aero NOI

Non-Aeronautical NOI (\$ in 000's)	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2022 Forecast	2023 Proposed Budget	Incr (Decr) Change from 2022 \$ %	
Non-Aeronautical Revenues								
Public Parking	82,125	34,687	64,104	81,028	92,396	100,384	19,356	23.9%
Rental Cars	52,567	16,637	36,612	52,138	54,625	53,743	1,605	3.1%
Ground Transportation	20,765	6,557	11,947	18,242	21,018	24,583	6,341	34.8%
Airport Dining & Retail	61,615	25,418	38,693	59,248	56,148	66,542	7,294	12.3%
Clubs and Lounges	10,274	2,043	3,478	8,972	7,911	9,859	886	9.9%
Utilities	7,431	5,672	6,350	7,765	7,765	8,541	776	10.0%
All Other	34,262	25,644	27,751	34,845	34,657	38,951	4,105	11.8%
Non-Aero Revenue <u>before</u> grants	269,037	116,473	189,120	262,239	274,522	302,603	40,364	15.4%
less Concession Relief grants	-	-	(5,301)	(21,419)	(21,473)	-	21,419	-100.0%
Total Non-Aeronautical Revenues	269,037	116,473	183,819	240,820	253,049	302,603	61,783	25.7%
Total Non-Aeronautical Expenses	118,286	109,802	90,644	126,773	127,187	139,966	13,193	10.4%
Non-Aeronautical NOI	150,752	6,671	93,175	114,047	125,862	162,637	48,590	42.6%
Less: CFC Surplus	(6,834)	-	-	(7,107)	-	(4,769)	2,338	-32.9%
Adjusted Non-Aeronautical NOI	143,917	6,671	93,175	106,940	125,862	157,868	50,928	47.6%
Debt Service	(49,357)	(33,065)	(27,096)	(33,372)	(19,413)	(34,094)	(722)	2.2%
Net Cash Flow	94,560	(26,394)	66,079	73,568	106,449	123,774	50,206	68.2%

Aeronautical Cost Drivers

\$ in 000's	2021 Actual	2022 Budget	2022 Forecast	2023 Budget	Impact on Aero Revenues Budget vs Budget	
					\$	%
O&M	198,065	263,372	258,291	310,486	47,114	17.9%
Federal Relief Grants O&M	(2,571)	(12,700)	-	-	12,700	-100.0%
Net O&M	195,494	250,672	258,291	310,486	59,814	23.9%
Debt Service Before Offsets	187,134	235,151	234,493	234,463	(688)	-0.3%
Debt Service PFC Offset	(54,076)	(79,803)	(79,855)	(89,720)	(9,917)	12.4%
Federal Relief Grants Debt Service	(58,878)	(58,975)	(68,491)	-	58,975	-100.0%
Net Debt Service	74,180	96,373	86,147	144,743	48,370	50.2%
Amortization	32,511	33,699	33,681	35,561	1,862	5.5%
Space Vacancy	(1,102)	(1,613)	(1,082)	(2,065)	(452)	28.0%
TSA Operating Grant and Other	(687)	(758)	(758)	(758)	-	0.0%
Rate Base Revenues	300,397	378,373	376,279	487,967	109,594	29%
Commercial area	16,702	16,590	16,508	16,850	260	2%
Total Aero Revenues	317,099	394,963	392,787	504,817	109,854	28%

Overall growth is primarily due to increased O&M and no further COVID Relief Grants to offset costs

PFCs offset \$89.7 million growth in debt service

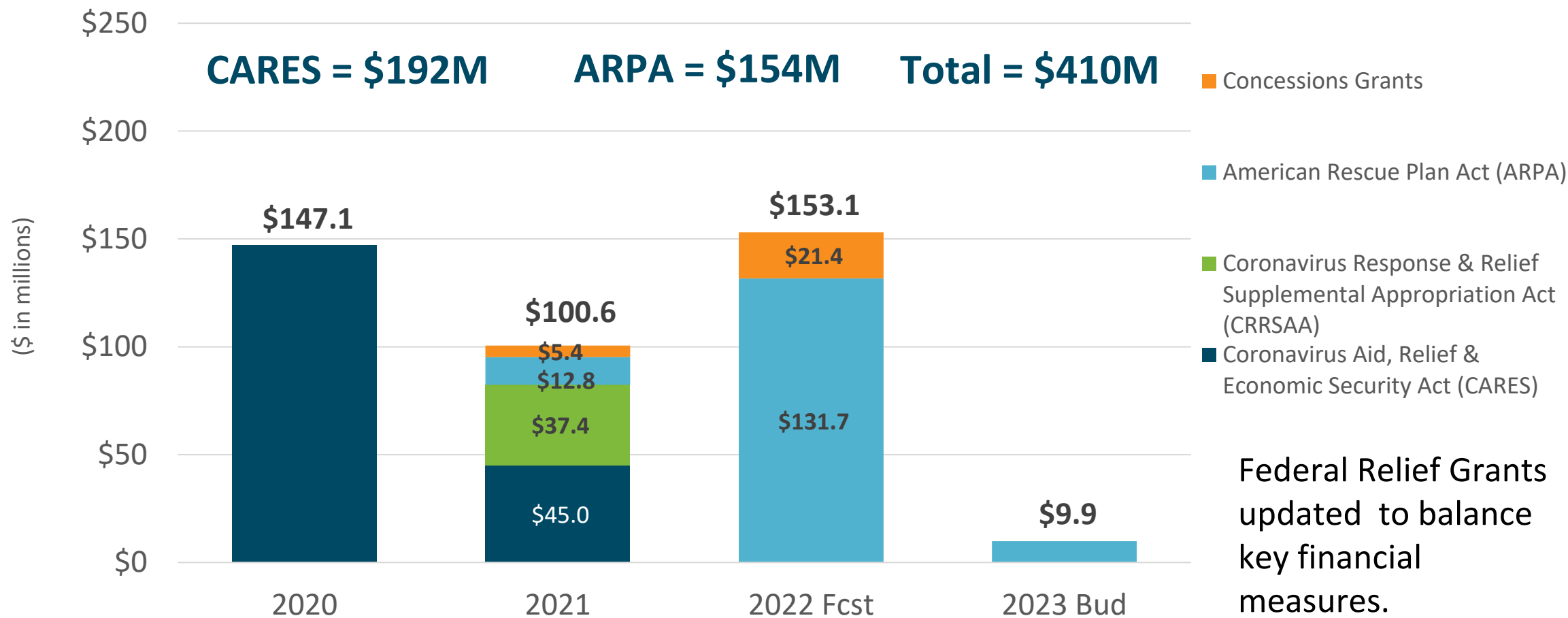
Aeronautical NOI

Aeronautical NOI (\$ in 000's)	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2022 Forecast	2023 Proposed Budget	Incr (Decr) Change from 2022 \$ %	
Rate Base Revenues								
Airfield Movement Area	123,436	84,906	88,061	118,291	117,851	141,881	23,590	19.9%
Airfield Apron Area	22,016	15,146	17,146	16,439	15,236	29,326	12,887	78.4%
Terminal Rents	169,318	169,318	169,318	220,174	216,100	270,449	50,275	22.8%
Federal Inspection Services (FIS)	12,321	8,616	10,978	23,468	27,092	46,310	22,842	97.3%
Total Rate Base Revenues	327,092	277,986	285,504	378,373	376,279	487,967	109,594	29.0%
Airfield Commercial Area	11,687	17,633	16,702	16,590	16,508	16,850	260	1.6%
Subtotal before Revenue Sharing	338,779	295,619	302,206	394,963	392,787	504,817	109,854	27.8%
Revenue Sharing	(17,146)	1	-	-	-	-	-	-
Total Aeronautical Revenues	321,633	295,620	302,206	394,963	392,787	504,817	109,854	27.8%
Total Aeronautical Expenses	236,959	219,878	203,573	270,850	262,032	320,511	49,661	18.3%
Aeronautical NOI	84,674	75,743	98,633	124,113	130,755	184,307	60,193	48.5%
Debt Service	(110,886)	(63,216)	(80,554)	(99,789)	(87,946)	(152,649)	(52,860)	53.0%
Net Cash Flow	(26,212)	12,526	18,079	24,324	42,809	31,657	7,333	30.1%

2023 Operating Budget Uncertainties

- Economic: high inflation, risk of recession
- Airline industry: recovery/passenger growth uncertainty
- SEA budget:
 - Payroll vacancy rate of 5%
 - Snow event(s)
 - Potential new air service incentives
 - CBP Reimbursable services
 - Potential impacts of PFAS

Federal COVID Relief: Little Remaining for 2023



Debt Service Coverage Remains Strong: Declining as Expected with Reduced Federal Relief Grants

	in \$000's	2021 Actual	2022 Budget	2022 Forecast	2023 Budget	Variance
Revenues						
Aero		317,513	394,963	392,787	504,817	112,030
Non-aero		183,819	240,820	253,049	302,603	49,554
Total Revenues		501,332	635,783	645,836	807,420	161,584
O&M		294,217	397,622	389,219	460,477	(71,258)
NOI		207,114	238,160	256,617	346,943	90,326
Federal Relief Grants Non-op		3,390	15,200	24,398	-	(24,398)
Concession Rent Relief Grants		5,354	21,419	21,419	-	(21,419)
CFC Excess		(2,018)	(7,107)	(6,638)	(4,769)	1,869
Other net non-operating		2,925	2,601	3,643	13,878	10,235
Available for debt service		216,766	270,273	299,439	356,052	56,613
Debt Service						
Gross debt service (net of cap i)		288,361	316,930	315,648	316,505	857
CFC offset		(14,168)	(18,711)	(18,711)	(24,659)	5,948
PFC offset		(54,076)	(82,264)	(82,143)	(95,000)	12,857
Federal Relief Grants DS offset		(91,675)	(82,800)	(107,298)	(9,997)	(97,301)
Net Debt Service		128,442	133,155	107,496	186,849	79,353
Debt Service Coverage		1.69	2.03	2.79	1.91	(0.88)

- Reflects preliminary grant use plan.
- Majority of federal relief used to pay debt service.
- Costs paid by grants excluded from airline rate base, thus reducing Aero revenues.
- Concessions rent relief grant is cash flow neutral (lower operating revenues, higher grant revenues).

Note: DS Coverage is airport only debt service coverage, calculated in accordance with airline agreement.

Summary of Equity in Budgeting Responses

1. Describe how you have applied equity, diversity, and inclusion principles in planning your 2023 strategies, objectives and initiatives.
 - The Aviation Division **applies the Equity, Diversity, and Inclusion (EDI) principles in our hiring practices, contracting, and training.** We hire using an equity lens - every vacant position will have a diverse hiring panel that has had appropriate anti-bias training and includes at least one equity interview question.
 - We are identifying components within larger contracts that could be candidates for **WMBE/DBE/SBE contracting and aim to go above the Port's 15% goal in IDIQ Contracts.**
 - **Reviewing travel & training budget** to ensure more equitable opportunities for all employees.

Summary of Equity in Budgeting Responses

2. Are there specific areas or programs your department has added to or redirected funding from existing baseline budget that would advance equity considerations? If yes, describe the specific area(s) and how much funding was redirected.

- **Training budgets** were reviewed and redistributed within many Aviation departments to ensure all team members had equitable access to training & development, with an increased focus on training for front-line staff.
- **Passenger services at SEA** are focused on equitable services for all passengers – including translation services and the SEA Spot Saver program
- **Art Program** will continue to provide economic opportunities for the diverse art community, as well as an avenue to express cultural heritage.
- **Hiring & Development** focus:
 - **Addition of an accessibility manager position** to coordinate and implement improved access measures at SEA, including several ADA specific projects targeting infrastructure improvements.
 - **Partnering with the Workforce Development (WD) team** on a program to target apprenticeships for underserved communities in our area. 2023 Budget includes a specifically funded apprenticeship position within the Operating Engineers group.
 - **Robust participation in the Intern and Veteran Fellows Program**, including opportunities for those participants to earn certifications and attend technical training.
 - Increased focus airport-wide on **efforts to recruit, retain, and promote diversity**.

Summary of Equity in Budgeting Responses

3. What steps have you taken to ensure that your 2023 strategies, objectives and initiatives do not cause disproportionate harm to any groups in our community, or perpetuate existing inequities?
- Increased **focus on stakeholder outreach**.
 - **SEA Customer Service** is fully focused on ensuring no one experiences inequities during their travel journey through the use of experts and community members to inform our programs, projects and communications tools.
 - All capital projects or TRAs (tenant reimbursement projects) will continue to incorporate a **WMBE/DBE/SBE goals** that are aligned with Port goals.
 - **SEA Art Program** has direct impact on the community. By incorporating Equity into our art collection, we address equity issues in the community.

Summary of Equity in Budgeting Responses

4. What has your engagement with the staff in your team told you about the factors that advance equity in your 2023 strategies, objectives and initiatives?
- **Hiring, training, and clear career paths/employment development are highly important** to staff across all Aviation departments
 - **Desire for more development opportunities** that are historically outside of their current area of responsibility. Awareness that this is challenging due to limited resources & budget constraints.
 - Request for more **EDI Training**
 - **Training budgets** were reviewed and redistributed within many Aviation departments to ensure all team members had equitable access to training & development, with an increased focus on training for front-line staff.

Summary of Equity in Budgeting Responses

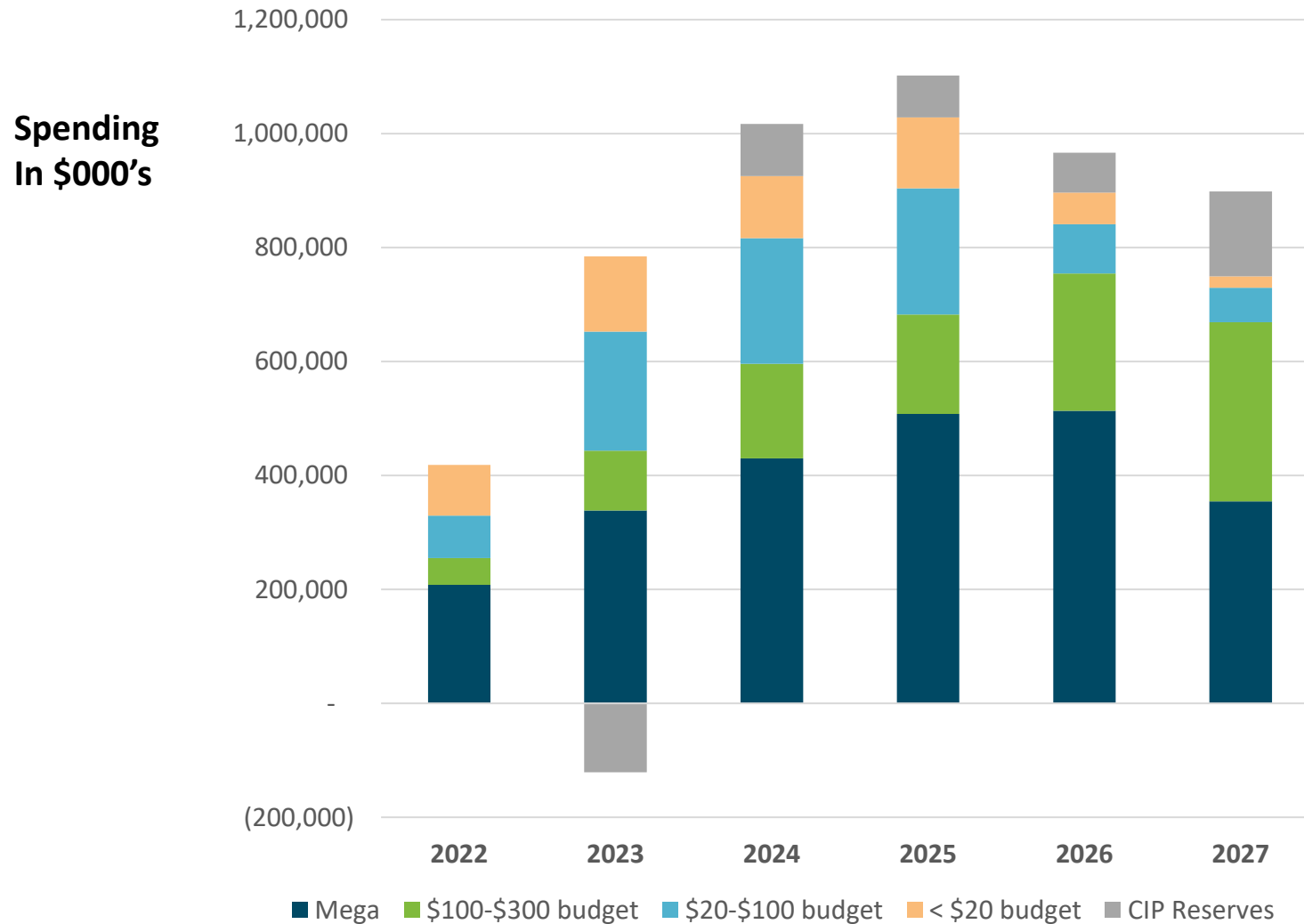
5. For departments interfacing with the community, describe how you have engaged with the overburdened communities and vulnerable populations in your planning process.

Aviation examples include:

- **Customer Service staff regularly engages with underserved communities and/or communities of color through our daily work**, including the way we partner and support front-line airport-wide employees in the regular engagement with our diverse, international customer base.
- **The ADR program is the forefront of opportunity for ACDBE and WMBE businesses at SEA.** We have focused on providing opportunities to ACDBE and WMBE micro businesses through the Shark Tank Kiosk process in which the businesses compete solely against one another as well as releasing a first for ADR, a 40% ACDBE participation goal for our most recent RFP, Food & Beverage Vending.
- **Landside has increased stakeholder outreach** and achieved positive engagement for a variety of ground transportation issues.

Updates on Progressing Major Capital Programs

Major Projects Drive Capital Program



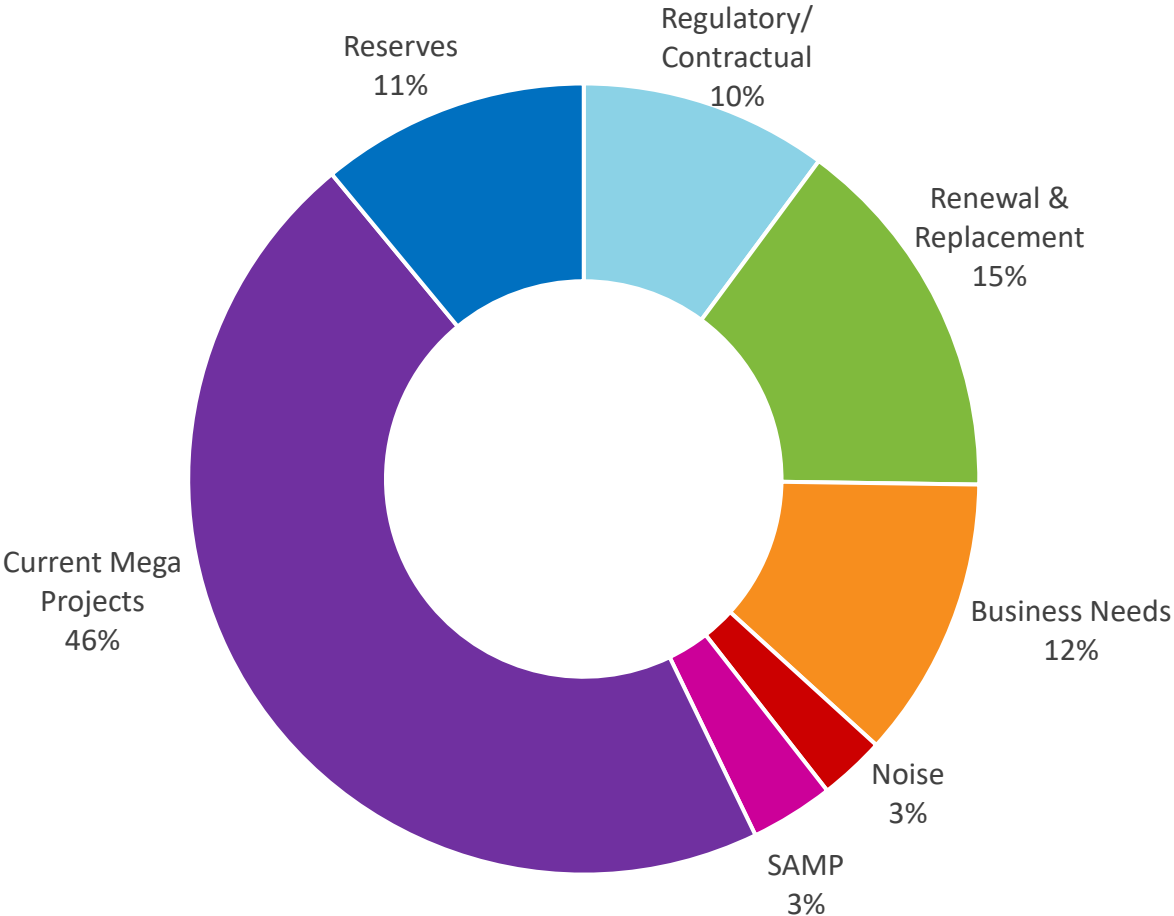
Mega projects 2023 – 2027:

- Baggage Optimization
 - C Concourse Expansion
 - SEA Gateway
 - S Concourse Evolution
 - Main Terminal Renovation
-
- Total spending for 2023 – 2027 = \$4.6 billion

Spending forecast does not include Sustainable Airport Master Plan near-term projects

Total 5-year Existing Capital Cash Flow | Category Breakdowns

Category	Number of Projects	Total 10-year Cash Flow
Regulatory & Contractual	24	\$471M
Renewal & Replacement	59	\$702M
Business Needs	61	\$536M
Noise	6	\$125M
Current Mega Projects	7	\$2.1B
SAMP SLOA Agreement	6	\$158M
Reserves & Allowances	11	\$511M
TOTAL	174	\$4.6B



In Design



Concourse C Expansion

Scope: Add 4 floors to the existing 3 floor C1 Building.
Includes: Airport Dining and Retail space, office space, and lounge space, amenities such as nursing room, meditation room, and sensory room.

Estimated Budget Range: \$340M - \$420M

Schedule: Q1 2021 – Q4 2027

Design Complete Q1 2023

Early Work Packages Start Q2 2022

Full Construction Starts Q2 2023

Substantial Completion Q2 2026

BUILDING EXPANSION

Phase A Work at 90% Design



Phase B Work at 60% Design



SEA Gateway/North Main Terminal Redevelopment Program

Scope: Alaska Airlines is sponsoring and managing a tenant reimbursable program to redevelop of their Ticketing and other support areas of the Main Terminal to improve passenger check-in, bag drop and security screening capacity.

Target Estimated Budget: \$400 - \$525M

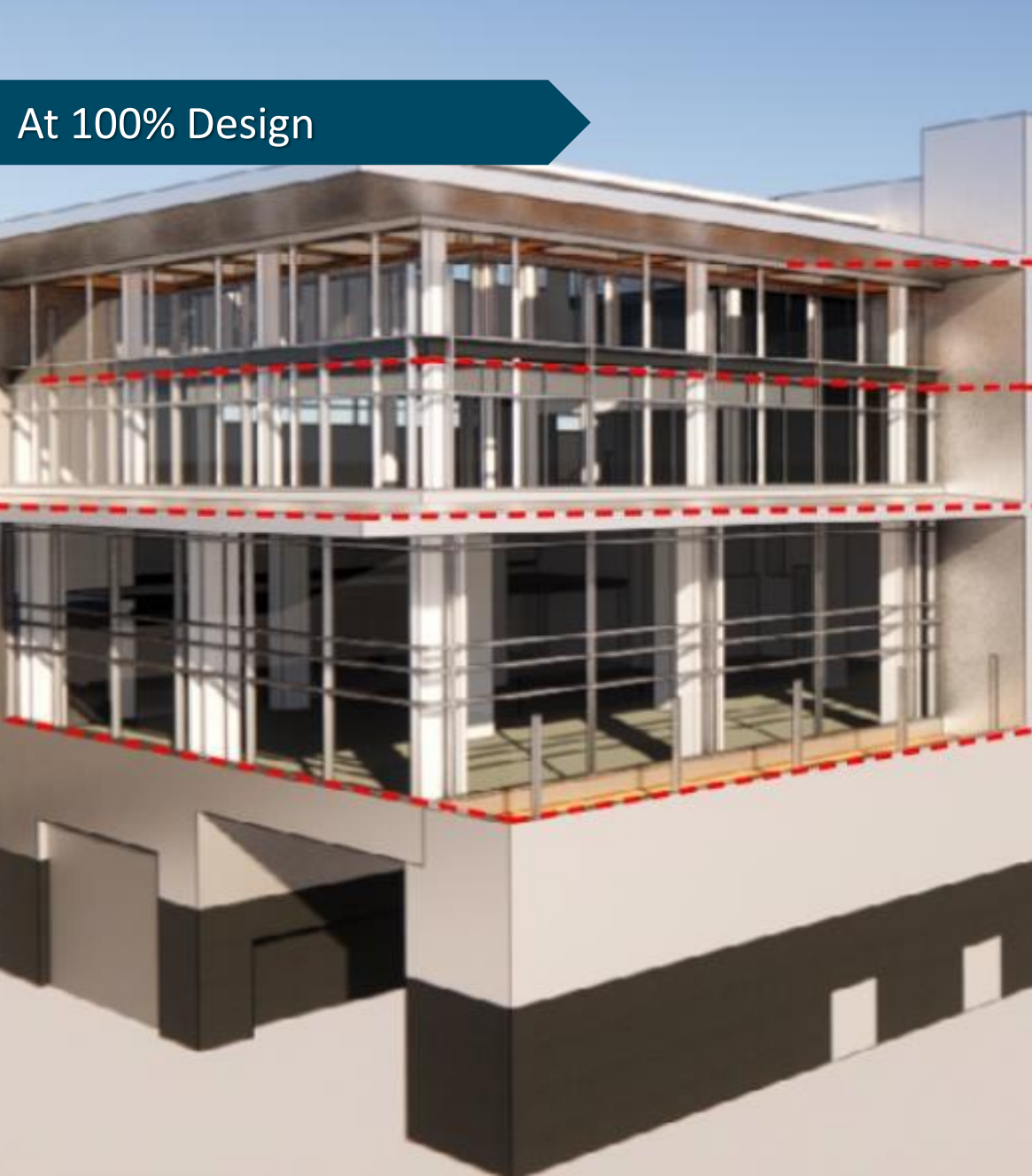
Schedule: Q1 2021 – Q2 2026

Design Start Q3 2021

Phase A Construction Q4 2022 (Bridge/Promenade)

Phase B Construction Q2 2024 (Ticketing & Checkpoint 5)

At 100% Design



Concourse A Lounge Expansion Projects

Scope: Delta Air Lines is sponsoring and managing a tenant reimbursable project to build a new structure at the end of Concourse A to support an expanded Club @ SEA and new Delta Sky Club.

Target Estimated Budget: \$105M

Schedule: Q2 2021 – Q2 2024

Construction to begin Q4 2022



S Concourse Evolution

Scope: This project will seismically and structurally strengthen the SSAT, complete the effort of bringing all its building systems up to date, completely replace the lower-level FIS facility, and remodel and expand the retail, dining, and club space on the upper floors of the facility.

Target Estimated Budget Range: \$1.4B - \$1.7B

Schedule: Q4 2021 – 2031

Design Begin Q2 2023

Construction NTP Q1 2025

Substantial Completion 2031



Concourse A Duty Free

Scope: Design and construct a walk-through Duty Free on the A Concourse, adjacent to the new IAF exit for connecting passengers. This project will provide 11,000 sq. ft. of new Duty Free space.

Target Estimated Budget: \$33M - \$45M

Schedule: Q2 2021 – Q3 2026

PDD Completion Q3 2022

TRA solicitation Q1 2023

TRA contract in place Q3 2023

Design start Q4 2023

Construction Q1 2025 - Q2/3 2026



PDD Initiated in 2022

Main Terminal Improvements Program

Total Program Budget: \$800M

Scope Includes: Smoke control and sprinkler installation, ceiling, lighting, mezzanine security improvements, restroom renovations, ceiling signage, sewer & domestic water improvements, Baggage level optimization plan implementation, bag claim devices renewal and replacement, elevator renewal and replacement, new signage, updated standards/requirements, aesthetic visioning implementation, sustainability and innovation program allowances.

Target Estimated Budget Range: \$800M - \$1B

Program Schedule Duration to 2033

Starting PDD 2023



Concourse Modernization:

CHIRRP (Concourses B, C & D)

Concourse HVAC Infrastructure Renewal Replacement Program

Scope Includes: HVAC refurbishment triggering structural improvements. Interior ceiling renewal and replacement, address outstanding code issues, Lighting renewal replacement, smoke control, replacement of all ceiling mounted fixtures and signage.

Total CHIRRP Budget: \$255M

Scheduled program over 8 years. Planned to phase one concourse at a time.

Community Noise Mitigation



Project	Estimated Cost	Year
Single-Family Home Sound Insulation	\$16 Million	2021-2026
Condominium Sound Insulation	\$6.4 Million	2022-2024
Apartment Sound Insulation	\$133 Million	2022-2026
South Approach Transition Zone Voluntary Acquisition	\$3 Million	2023-2026
Places of Worship Sound Insulation	\$26 Million	2023-2026

New/Updated

Major Capital Programs

Summary of Proposed New Projects

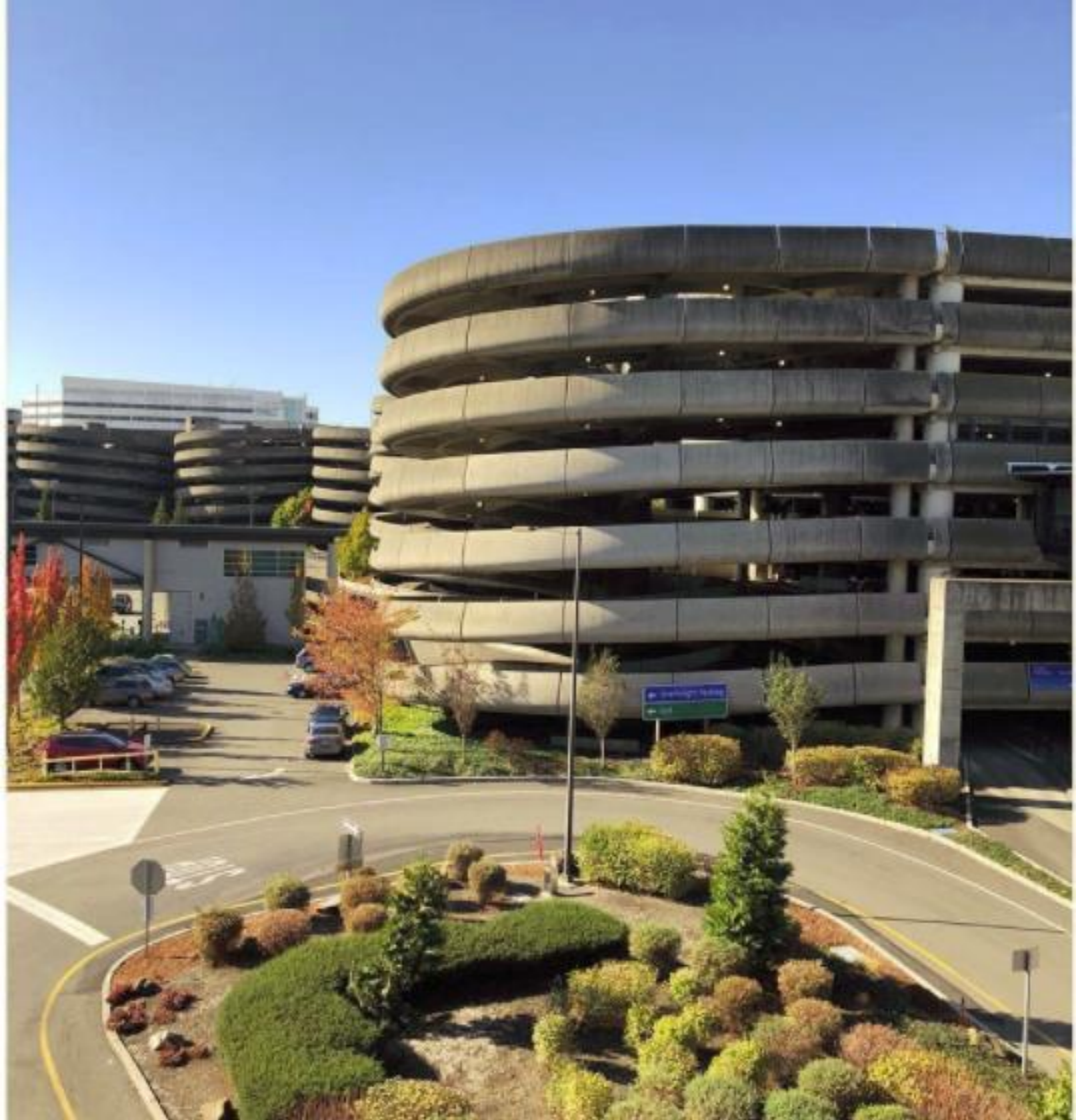
Justification	Category	CIP	Description	Cost Estimate	Cash Flows (Figures in \$000s)						2022 - 27 TOTAL
					2022	2023	2024	2025	2026	2027	
Asset Stewardship	Regulatory	C801302	Airfield Infra & Security	199,988	-	231	2,484	9,858	43,708	88,659	144,940
Asset Stewardship	Renewal Replacement	C801304	Cargo 161D, 165A, and 161F Ren	78,213	-	38	1,279	3,986	19,500	29,803	54,606
Asset Stewardship	Renewal Replacement	C801307	Parking Garage Rehabilitation	55,709	-	-	441	2,272	4,002	11,778	18,493
Asset Stewardship	Regulatory	C801303	Taxiway A Circuit Replacement	39,500	34	2,404	6,683	26,986	3,393	-	39,500
Asset Stewardship	Renewal Replacement	C801308	PLB Renew and Replace 2022	24,800	-	259	2,710	7,913	7,922	5,944	24,748
Asset Stewardship	Business Need	C801311	Const. Logistic Site Expansion	17,113	19	1,183	3,811	10,429	1,671	-	17,113
Safety/Security	Business Need	C801310	SEA Garage Security Improvemen	16,300	-	1,295	2,786	9,642	2,577	-	16,300
Asset Stewardship	Renewal Replacement	C801312	Air Cargo Road Phase 2	14,214	-	73	805	989	3,547	4,670	10,084
Community & Environment	Business Need	C801313	Fleet Fast EV charging	12,476	-	-	517	865	6,473	4,605	12,460
Asset Stewardship	Regulatory	C801316	Generator Controls Project	12,100	55	831	2,561	7,318	1,335	-	12,100
Asset Stewardship	Allowance	C801341	AV Small Capital Purchases	10,000	-	3,138	2,000	2,000	2,000	862	10,000
Customer experience	Business Need	C801314	2nd FL Revenue Control	8,855	-	28	837	4,144	3,824	21	8,854
Asset Stewardship	Renewal Replacement	C801319	Upper/Lower Drive Improvements	6,327	-	-	577	804	1,955	1,955	5,291
Customer experience	Renewal Replacement	C801315	CUSS Renewal/Replacement	5,800	-	45	553	1,732	2,632	540	5,502
Asset Stewardship	Regulatory	C801318	Water Surge Attenuator	4,200	16	363	806	2,634	380	-	4,199
Safety/Security	Business Need	C801320	Security Camera Upgrades	3,356	-	93	229	1,064	1,934	36	3,356
Asset Stewardship	Renewal Replacement	C801321	Access Control ICS Network Ref	2,600	-	68	154	1,867	511	-	2,600
Customer experience	Business Need	C801323	Acrylic Coating & Radiant Heat	1,700	-	45	112	405	863	275	1,700
Asset Stewardship	Renewal Replacement	C801325	RCF QTA Boiler Skids 1 and 2	1,300	-	48	99	804	349	-	1,300
Asset Stewardship	Renewal Replacement	C801328	Fire Alerting System Replaceme	710	-	53	94	436	127	-	710
Asset Stewardship	Renewal Replacement	C801329	Parking Garage UPS	573	-	22	34	33	270	211	570
Total				515,834	124	10,217	29,572	96,181	108,973	149,359	394,426

Proposed Program

Parking Garage Rehabilitation Project

Project Name	Status	Cost
Parking Garage Roof Drainage	New	\$4.7M*
Parking Garage Fire System Enhancements	New	\$23M
Parking Garage Rehabilitation	New	\$28M
Total Project Cost		\$55.7M

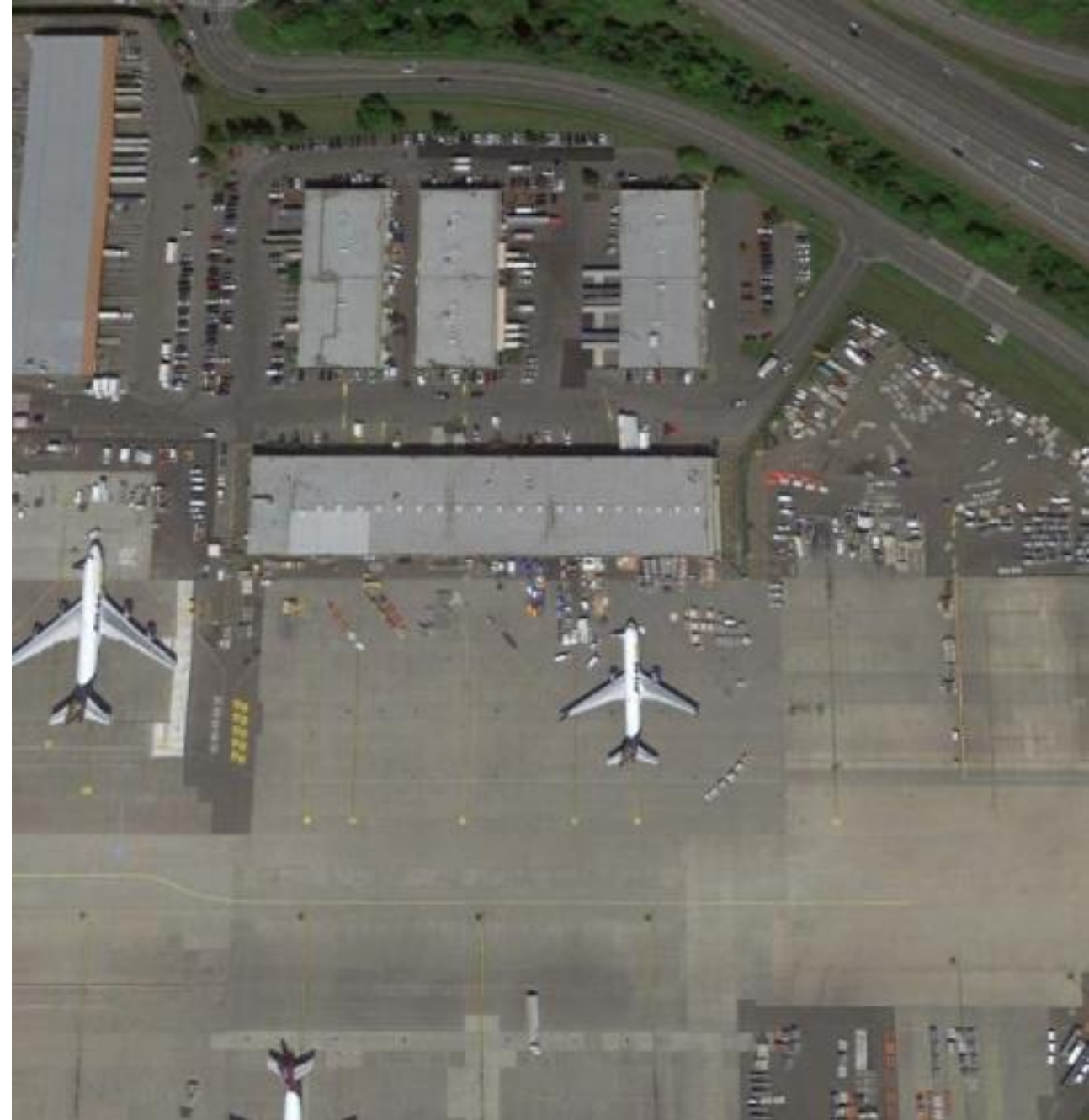
* Utility Master Plan Project



Proposed Program

Cargo Building Renovation Program (separate CIPs, One program)

Project Name	Status	Cost
Building 161E Renovation	Existing CIP	\$14M
Building 161D Retrofit	Existing CIP/New	\$11.3M
Building 165A Renovation	New	\$36.1M
Building 161F Renovation	New	\$30.8M
New Money		\$66.9M
Existing CIP		\$25.3M
Total Program Cost		\$92.2M



Proposed Program

Airfield Infrastructure & Security Program (separate CIPs, One program)

Project Name	Status	Cost
AOA Fence Upgrade	New	\$488K
Airfield Circuit Replacement	New	\$164M
Auto FOD	Existing CIP	\$35.5M
Program Cost (New Money)		\$164.5M
Total Program Cost		\$200M



Capital Budget 2023 – 2027

	Cash Flows (Figures in \$000s)						
	2022	2023	2024	2025	2026	2027	2023 - 27 TOTAL
Mega Projects							
Baggage Optimization	132,094	131,600	173,900	141,150	121,150	23,760	591,560
C Concourse Expansion	9,816	31,996	94,904	106,469	60,982	5,620	299,971
SEA Gateway	32,018	152,567	91,995	58,904	54,067	9,872	367,405
S Concourse Evolution	883	5,575	57,175	189,500	211,000	211,000	674,250
Main Terminal Improvement	1,333	4,248	12,390	12,343	66,457	104,527	199,965
International Arrivals Facility	20,453	11,479	-	-	-	-	11,479
NSAT	11,662	979	-	-	-	-	979
Subtotal - Mega Projects	208,259	338,444	430,364	508,366	513,656	354,779	2,145,609
Other Capital Projects	208,301	429,325	437,965	366,929	158,096	97,026	1,489,341
SAMP Preliminary Planning / Design	2,046	6,650	17,946	27,250	55,000	51,500	158,346
Proposed New Projects	124	10,217	29,572	96,181	108,973	149,359	394,302
Utility Master Plan Allowance	-	-	10,000	30,000	61,000	97,000	198,000
CIPs Reserves	-	-	19,000	25,000	70,000	149,000	263,000
Subtotal	210,471	446,192	514,483	545,360	453,069	543,885	2,502,989
CIP Cashflow Adj Reserve	-	(120,759)	72,455	48,304	-	-	-
Total Proposed CIP	418,730	663,877	1,017,302	1,102,030	966,725	898,664	4,648,598

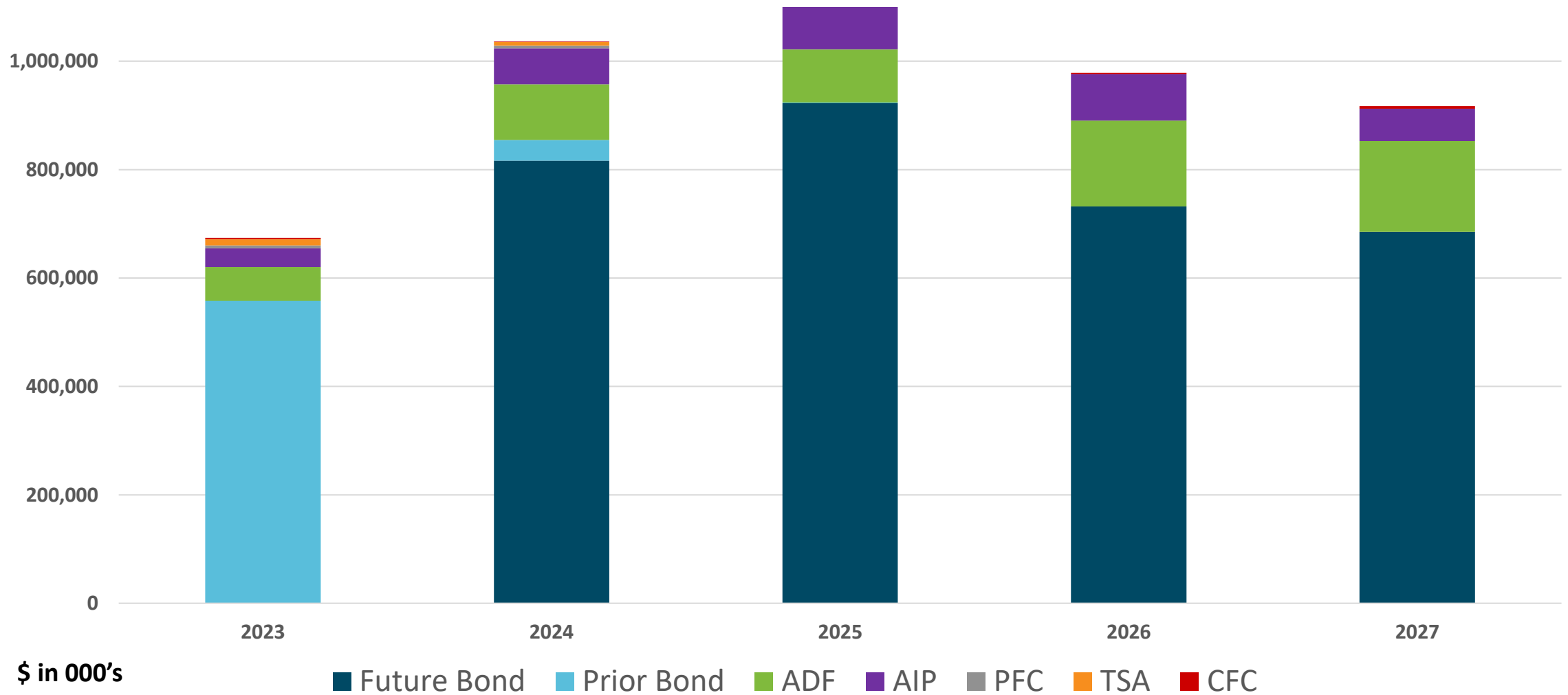
- Proposing 21 projects totaling \$394M spending through 2027
- CIP Reserve CIPs including Utility allowance represent around 10% of five-year capital budget
- Implementing CIP cash flow adjustment reserve to adjust 2023 cash flows

Capital Projects – Summary by Status

Capital Projects	CIP	2022	Cash Flows (Figures in \$000s)					2023 - 27
			2023	2024	2025	2026	2027	TOTAL
<u>Construction Authorized (Status 5-6)</u>								
Baggage Optimization	C800612	132,094	131,600	173,900	141,150	121,150	23,760	591,560
SEA Gateway	C801204	32,018	152,567	91,995	58,904	54,067	9,872	367,405
2021-25 AFLD Pvmnt&Spprt Infr	C800930	25,414	30,470	40,166	24,182	6,259	-	101,077
Concourse A Lounge Expansion	C801205	8,635	46,110	45,730	4,083	-	-	95,923
International Arrivals Facility	C800583	20,453	11,479	-	-	-	-	11,479
NSAT	C800556	11,662	979	-	-	-	-	979
Other Construction Authorized Capital Projects	Multiple	127,840	186,773	93,989	78,171	27,093	2,952	388,978
Total - Construction Authorized		358,116	559,978	445,780	306,490	208,569	36,584	1,557,401
<u>Design Authorized (Status 4)</u>								
C Concourse Expansion	C800845	9,816	31,996	94,904	106,469	60,982	5,620	299,971
IWTP Program	C801234	885	2,164	15,656	31,534	40,532	35,121	125,007
MT Low Voltage Sys Upgrade	C800061	8,726	24,425	25,983	19,892	-	-	70,300
Art Pool	C102066	3,300	5,250	5,850	6,800	5,300	537	23,737
Other Design Authorized Capital Projects	Multiple	25,882	101,142	150,875	113,551	26,561	1,565	393,694
Total - Design Authorized		48,609	164,977	293,268	278,246	133,375	42,843	912,709
<u>Pending Authorization (Status 2-3)</u>								
S Concourse Evolution	C801203	883	5,575	57,175	189,500	211,000	211,000	674,250
Main Terminal Improvement Prog	C801266	1,333	4,248	12,390	12,343	66,457	104,527	199,965
Utility Master Plan Allowance	C801267	-	-	10,000	30,000	61,000	97,000	198,000
Other Pending Capital Projects	Multiple	9,789	49,858	107,234	212,147	216,324	257,710	843,273
Total - Pending Authorization		12,005	59,681	186,799	443,990	554,781	670,237	1,915,488
Subtotal	C800753 & C800754	418,730	784,636	925,847	1,028,726	896,725	749,664	4,385,598
CIP Reserves		-	-	19,000	25,000	70,000	149,000	263,000
CIP Cashflow Adj Reserve		-	(120,759)	72,455	48,304	-	-	-
Grand Total		418,730	663,877	1,017,302	1,102,030	966,725	898,664	4,648,598

- 34% authorized for construction
- 20% have some design authorized
- 41% have not been authorized
- Planning to spend an average \$930 million per year between 2023 and 2027

Capital Funding Plan 2023 – 2027



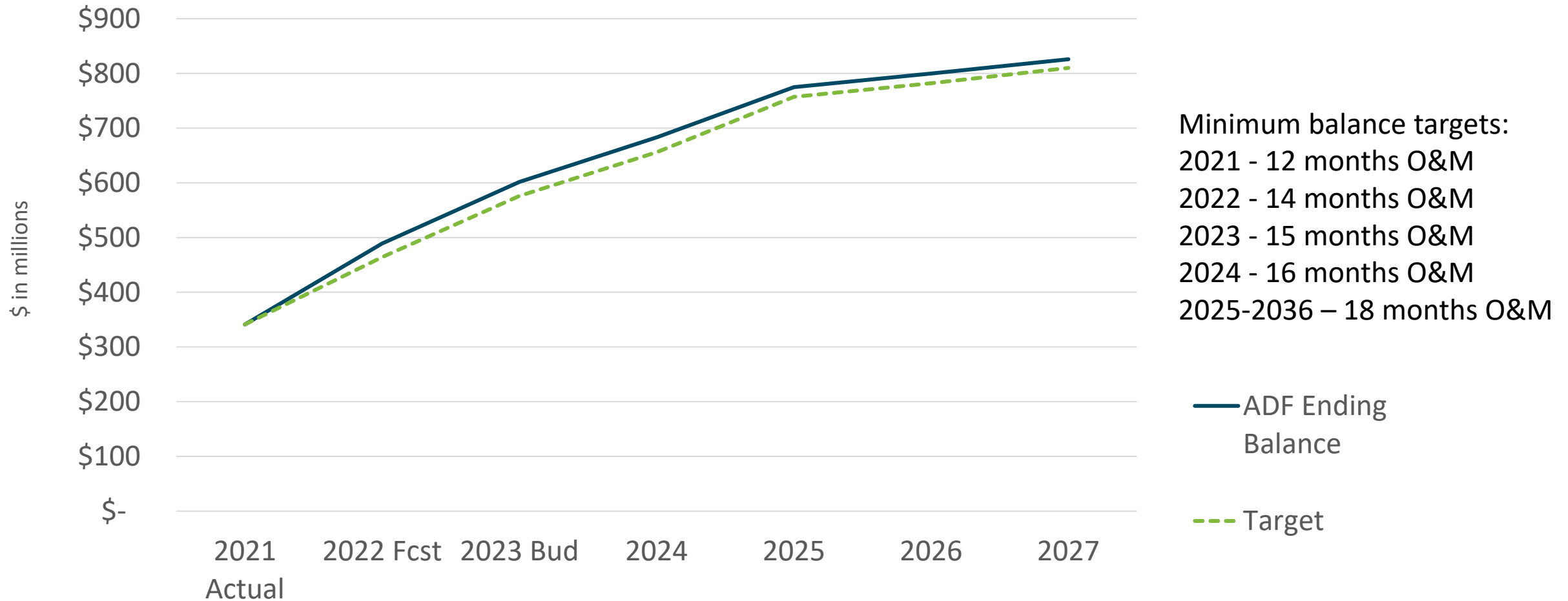
Financial Forecast 2023 – 2027

In \$000's	Forecast 2022	Budget 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027
Airline Revenue	\$ 392,787	\$ 504,817	\$ 548,225	\$ 582,494	\$ 660,068	\$ 721,707
Non-Airline Revenue ^(a)	253,049	302,603	324,776	338,667	362,162	391,530
Total Revenue	\$ 645,836	\$ 807,420	\$ 873,001	\$ 921,161	\$ 1,022,230	\$ 1,113,237
Operating Expense	389,219	460,477	492,060	504,922	521,651	540,116
Net Operating Income	\$ 256,617	\$ 346,944	\$ 380,942	\$ 416,239	\$ 500,579	\$ 573,122
Federal grants Non-Op Revenue	24,398	-	-	-	-	-
CRRSAA and ARPA concession relief	21,419	-	-	-	-	-
Net Non-Operating Income/Expense	2,601	13,948	16,062	18,323	19,116	19,763
CFC Excess ^(b)	(4,281)	(4,760)	(8,805)	(8,840)	(12,083)	(13,299)
Available for Debt Service	\$ 300,755	\$ 356,131	\$ 388,198	\$ 425,722	\$ 507,612	\$ 579,586
Gross Debt Service (net of cap i)	\$ 311,690	\$ 312,557	\$ 330,062	\$ 368,146	\$ 454,111	\$ 518,772
CP Principal & Interest	\$ 3,841	\$ 3,840	\$ 3,766	\$ 3,616	\$ 3,616	\$ 3,616
CFC Offset	(18,711)	(24,658)	(24,903)	(25,132)	(25,387)	(24,640)
PFC Offset	(82,138)	(95,000)	(99,285)	(105,473)	(108,437)	(108,410)
Federal grants DS offset	(107,298)	(9,997)	-	-	-	-
Net Debt Service	\$ 107,385	\$ 186,740	\$ 209,640	\$ 241,157	\$ 323,903	\$ 385,722
Net Cash Flow	\$ 193,370	\$ 169,391	\$ 178,558	\$ 184,565	\$ 183,708	\$ 193,864

Financial Forecast 2023 – 2027 Metrics

	Forecast 2022	Budget 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027
Key Measures						
Debt Service Coverage	2.81	1.91	1.85	1.77	1.57	1.50
ADF Balance - Months of O&M	15	15	16	18	18	18
CPE	\$ 15.32	\$ 18.68	\$ 19.82	\$ 20.57	\$ 22.85	\$ 24.44
O&M per Enplaned Passenger	\$ 16.67	\$ 18.26	\$ 19.03	\$ 19.05	\$ 19.20	\$ 19.40
Debt per Originating Passenger	\$ 227	\$ 229	\$ 260	\$ 300	\$ 328	\$ 348
<i>PFC fund balance (in \$000's)</i>	\$ 23,113	\$ 27,452	\$ 28,793	\$ 27,997	\$ 31,961	\$ 38,802
<i>CFC fund balance (in \$000's)</i>	\$ 19,144	\$ 19,205	\$ 19,349	\$ 27,153	\$ 33,291	\$ 37,259
Enplaned Passengers(000's)	23,324	25,224	25,855	26,501	27,164	27,843
Growth Rate	29.1%	8.1%	2.5%	2.5%	2.5%	2.5%

Growing Cash Balance for Greater Resiliency



APPENDIX – AVIATION DIVISION

Aviation Appendix Table of Contents

1. SWOT

2. Operating Budget

- Explanation of Baseline Budget Changes
- ERL summary
- 2023 Budget Request – detail listings
- FTE Reconciliation and itemized requests
- Non-aeronautical revenue by business unit
- Federal relief grants use plan – cost center allocations

STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS (SWOT)

2022 SWOT: SEA

STRENGTHS

- ✈ SEA is well positioned as an International Gateway
- ✈ Two high performing hub airlines with strong global alliances
- ✈ New Facilities: IAF and NSAT improving customer experience
- ✈ Employees' ability to adapt and innovate during operational disruptions, and employee engagement opportunities
- ✈ SEA brand, Customer-focused brand culture (Skytrax 4-Stars), and tenant engagement strategies
- ✈ Well positioned to compete for federal grants

2022 SWOT: SEA

WEAKNESSES

- ➔ Increasing airport cost to airlines/tenants
- ➔ Constrained land and aging facilities resulting in suboptimal level of service for tenants and passengers (sub-optimal revenue generation)
- ➔ Project construction activities impact operations, customer service and non-aeronautical revenues
- ➔ Capital Program – affordability and resources to deliver the program to meet the expected LOS
- ➔ Staffing challenges (employee engagement, perceived inequities, staff retention/attracting, filling key positions, diversity of internal staff)
- ➔ Competing, changing or unplanned priorities
- ➔ Lack of infrastructure to support electric vehicles (EV) and other innovations

2022 SWOT: Industry/Business Context

OPPORTUNITIES

- ➔ Regional economy remains strong, with a pent-up demand for travel
- ➔ Emerging Technologies to enhance customer experience, revenue and operational efficiencies : biometrics, app-based, pre-booking, and virtual queuing, etc.
- ➔ Future federal funding support for airports
- ➔ Leverage hub airline partner investments (e.g., Alaska NMTR – Delta Air lounge)
- ➔ IAF Facility will be an attraction for other international airlines
- ➔ Explore prospects for new non-aeronautical revenues
- ➔ Expect growth through AAG alliance with oneworld

2022 SWOT: Industry/Business Context

THREATS

- ➔ Pandemic uncertainties (variants, return of business travel, telework, restrictions etc.)
- ➔ Airlines are in recovery mode and restoring profitability
- ➔ Volatile Construction Market, Supply Chain, increasing cost
- ➔ Risk of meeting DBE, WMBE & SBE objectives
- ➔ Regulatory Changes and lack of agency resources
- ➔ Climate change and impact on airport resiliency
- ➔ Cyber attacks concerns (e.g., network security, ransomware, insider threats)
- ➔ Community Concerns (e.g., opposition to airport expansion, SAF, permit changes, biometrics)
- ➔ Lack of progress on the SAMP Environmental Review
- ➔ National and international politics
- ➔ Lack of common use adoption
- ➔ Risk of economic recession as Fed tries to reduce current high level of inflation

BUDGET MANAGEMENT: BASELINE BUDGET CHANGES

Payroll Budget Up \$22M over 2022

- **Baseline Budget includes:**
 - 6% average COLA increases for Non-Represented employees (effective February 1, 2023)
 - 3% average Pay for Performance increases for Non-Represented employees (effective March 1, 2023)
 - Contractual pay increases for Represented employees
 - 5% Vacancy factor (reduces expected payroll costs)
 - 5 positions (new FTEs) approved mid-year during 2022
- **FTE Budget Requests include:**
 - 23 new FTEs (new or unfrozen)

Non-Payroll Budget Up \$25M over 2022

- **Baseline Budget increases include:**
 - \$8M - **contract increases** (\$8M)
 - \$3M - higher costs directly tied to **revenue growth** (lounge operating costs, B&O tax, credit card fees)
 - \$6M - higher costs for **Environmental Remediation Liability** (ERL)
 - \$2M – all other Aviation Non-Payroll changes
 - Partially offset by:
 - (\$5M) – **lower charges to capital** which results in higher Operating Expense
 - (\$23M) – decrease from **removal of 2022 Budget “one-time” expenses**
- **2023 Budget Requests - \$34M Non-Payroll include:**
 - \$10M increase to Baseline
 - \$24M non-recurring costs
- **Net Non-Payroll budget increase of \$24.6M and 21%**

Summary of Changes in Aviation Direct Expenses

2023 Budget - Aviation Direct Expenses:		\$000's
<u>Payroll Increases</u>		
Payroll Increase related to existing FTEs (baseline)	20,801	
Less incremental change in 5% Payroll Vacancy	(1,050)	
Proposed new FTEs (budget requests)	2,130	
Total Payroll Increases		21,881
<u>Non-Payroll Increases</u>		
Cost increases related to Revenue Growth	3,164	
Contractual increases	8,019	
Lower Charges to Capital (results in higher OpExp)	(4,876)	
All other Non-Payroll changes in baseline budget	1,217	
Net impact of Non-Payroll changes (baseline budget)	7,524	
Higher ERL expense	6,135	
Remove 2022 Budget "one-time" non-payroll items	(22,948)	
Proposed additional Non-Payroll expense (new budget requests)	33,886	
Total Non-Payroll Increases		24,597
Total 2023 Budget - Aviation Direct Expense Cost Increases		46,477

Aviation Payroll Cost Increases

2023 Payroll Cost Increases compared to 2022 Budget:		\$000's
<u>Payroll Increases (before new FTE requests)</u>		
Prior Year pay differences (2022 Merit/Grade/Equity Change)	1,381	
Non-Represented Annual Increases (Pay & Benefits)	4,933	
Represented Annual Increases (Pay & Benefits)	6,356	
Annualized new FTEs approved in 2022 Budget	4,543	
Add New FTEs approved in 2022 (mid-year approvals)	631	
All other payroll increase/adjustments	2,956	
Total Baseline Payroll Increases		20,801
Less incremental change in 5% Payroll Vacancy		(1,050)
Proposed new FTEs (budget requests)		2,130
2023 Payroll Cost Increases:		21,881

Aviation Non-Payroll Cost Increases

2023 Non-Payroll Cost Increases compared to 2022 Budget:		\$000's	\$000's
<u>Non-Payroll Cost Increases due to revenue growth</u>			
Clubs & Lounges - higher usage/increased volume	985		
Credit Card usage fee increases	730		
B&O tax increase	1,449		
Total Non-Payroll Cost Increases due to revenue growth		3,164	
<u>Other Non-Payroll Cost Increases</u>			
AVM contract increases	5,924		
Utilities increase (rate & usage)	1,313		
All other Aviation contract increases	782		
Restore travel to 100% of 2020 Approved Budget	576		
All other Aviation Non-Payroll increases to baseline budget	641		
Total Other Non-Payroll Cost Increases		9,236	
Lower Charges to Capital (results in higher OpExp)		(4,876)	
Net Increase to Non-Payroll Baseline Budget			7,524
Higher ERL expense			6,135
Remove 2022 Budget "one-time" non-payroll items			(22,948)
Proposed Non-Payroll expense (new 2023 Budget Requests)			33,886
2023 Payroll Cost Increases:			24,597

Change in Charges to Capital

Decrease in 2023 Budget Charges to Capital compared to the 2022 Budget:		\$000's
<u>Lower budgeted Charges to Capital (results in increase to OpExp)</u>		
AVPMG increased payroll costs charged to Capital	2,606	
All other increased Aviation payroll costs charged to Capital	446	
AVPMG decrease in consulting & OH charged to Capital	(5,474)	
All other Aviation decreases in non-payroll Charges to Capital	(2,454)	
Total decrease in Charges to Capital (increase to OpExp)		(4,876)

Environmental Remediation Liability (ERL) Expense

ERL Expense <i>Org Basis (in 000's)</i>	2020 Actual	2021 Actuals	2022 Budget	2022 Forecast	2023 Budget	Budget Change 2023 B v 2022 B	
						\$	%
North Satellite							
Asbestos	(86)	(402)		(2,219)		-	-
Contaminated Soils	(741)	(117)		37		-	-
NSAT - ERL Expense	(827)	(519)	-	(2,182)	-	-	-
Major Projects							-
Alaska N Terminal Redevelopment					4,390	4,390	-
MT Low Voltage System Upgrade					2,500	2,500	
Major Projects - ERL Subtotal	-	-	-	-	6,890	6,890	-
Airfield Pavement - by year		560	150	-	100	(50)	(33%)
Baggage Optimization Phase 2		316				-	-
Airport Employee Services Center		899		148		-	-
Safedock Installation		240				-	-
Lora Lake (lake parcel)	(1,846)	(106)				-	-
All other RMM expense	312	192	835	(278)	130	(705)	(84%)
Total ERL Expense	(2,361)	1,583	985	(2,312)	7,120	6,135	623%

BUDGET REQUESTS



Breakout of Budget Requests

Budget Request Category	# of Requests	2023 Budget Requests			
		FTEs	Baseline	Non-Recurring	Total
Health and Safety	15	3.0	1,116,515	1,287,500	2,404,015
Security	1	0.0		132,885	132,885
Community	5	1.0	234,419	603,700	838,119
Innovations and Operational Efficiencies	15	2.0	192,328	1,766,444	1,958,772
Economic Opportunities and Social Responsibility	5	0.0	180,000	350,000	530,000
Customer Experience	31	7.0	9,122,682	2,793,192	11,915,874
Environment and Sustainability	18	3.0	348,477	4,466,500	4,814,977
Financial Sustainability	4	1.0	74,859	372,500	447,359
Asset Management, Capital Development and Delivery	28	6.0	1,202,768	11,770,991	12,973,759
Grand Total	122	23	\$ 12,472,048	\$ 23,543,712	\$ 36,015,760
2023 Budget Requests - Initial Requested	211	66.7	\$ 20,952,544	\$ 31,646,465	\$ 52,599,009

Budget Requests: Health and Safety

AV Priority	Problem/Need/Opportunity	Solution	2023 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Health and Safety	Maintain and improve Safety of Airport Operations Area	Airfield/Gate Striping Design Support			75,000	75,000
		Airport Building Dept & Fire Support Services		505,000		505,000
		Bldg Inspector/Plan Examiner	1	123,024	5,500	128,524
		Building 166B HVAC Rental			91,000	91,000
		Bunker Gear			25,000	25,000
		Fire Protection and Fire Prevention expense work for Cargo bldgs			500,000	500,000
		Firefighter A - Mechanic	1	189,240	2,500	191,740
		GSE Audit Professional Services - Scope Expansion		30,000		30,000
		Mobile Office Trailer & Generator Rental - NEPL			50,000	50,000
		Ramp Tower Contract - Additional Funding			360,000	360,000
		Senior Manager Fire Protection Engineering	1	158,776	3,500	162,276
		Supplemental Travel Funding		110,475		110,475
	Environmental Compliance	Flight Corridor Safety Program - Port Property			15,000	15,000
		Flight Corridor Safety Program Site (FCSP) Restoration			60,000	60,000
	Operational Efficiencies	Consultant - Janitorial contract review			100,000	100,000
Health and Safety Total			3	1,116,515	1,287,500	2,404,015

Budget Requests: Security

AV Priority	Problem/Need/Opportunity	Solution	2023 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Security	Maintain and Enhance Overall Security at the Airport	See Say Airport App			132,885	132,885
Security Total					132,885	132,885

Budget Requests: Community

AV Priority	Problem/Need/Opportunity	Solution	2023 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Community	Strategic Customer Experience Improvements	AAAC Events		45,000		45,000
	Airport Noise Mitigation	Airport Noise Programs Coordinator	1	69,419	3,700	73,119
		P150 Noise and Land Use Study			500,000	500,000
	Combat Human Trafficking	Anti Human Trafficking			100,000	100,000
	Enhance Community Engagement	Public Communications Support - GT Program		120,000		120,000
Community Total			1	234,419	603,700	838,119

Budget Requests: Innovations and Efficiencies

AV Priority	Problem/Need/Opportunity	Solution	2023 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Innovations and Operational Efficiencies	Strategic Customer Experience Improvements	Digital Signage & Electronic Visual Communication Consultant			300,000	300,000
		Digitize Lease Admin Lease Files			25,000	25,000
		Software Licensing - Sign Agent and Fourwinds		8,000		8,000
	Keeping up with Growth at the Airport	ADR Administrative Assistant	1	59,307	4,500	63,807
		Airport Integrated Control Center planning work			375,000	375,000
		Appraisal for Non-Aero Rent Adjustments			200,000	200,000
		Inform & ITS Upgrade for IAF Carousels			32,000	32,000
		Landside Supervisor	1	75,021	2,500	77,521
		SEA Real Estate Strategy			50,000	50,000
	Meet the maintenance needs and standards of Existing and Future Facilities.	FAC: AOB Space Planning			150,000	150,000
	Leverage Employee Innovation to Solve Business Challenges	Inform, Aerobahn and AAAE CM Training			112,444	112,444
	Customer Experience	Common Use Developmental Expense Purchases			50,000	50,000
		Shared Telecom Services - outside legal support			65,000	65,000
	Maintenance Needs and Standards, Strategic Capital Development	Building Information Modeling			400,000	400,000
	Asset Management, Capital Development and Delivery	Personal Services Account Baseline Increase		50,000		50,000
Innovations and Operational Efficiencies Total			2	192,328	1,766,444	1,958,772

Budget Requests: Economic Opportunities

AV Priority	Problem/Need/Opportunity	Solution	2023 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Economic Opportunities and Social Responsibility	Facility Life Safety Enhancements	Route Forecasting Services - Increased Baseline		30,000		30,000
	Improve organizational effectiveness	ACDBE and DBE Tracking System		150,000		150,000
	Support Workforce	Childcare Initiative study			100,000	100,000
	Asset Preservation	SPU Structural Analysis II			125,000	125,000
	Address maintenance needs and standards	Civil Standards DEVELOPMENT			125,000	125,000
Economic Opportunities and Social Responsibility Total				180,000	350,000	530,000

Budget Requests: Customer Experience

AV Priority	Problem/Need/Opportunity	Solution	2023 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Customer Experience	Strategic Customer Experience Improvements	Accessibility Coordinator	1	85,579	5,500	91,079
		ACCS Contract - VIP Hospitality		4,961,780		4,961,780
		ADR Tenant Janitorial Mgmt		1,000,000		1,000,000
		Checkpoint Signage Improvements			50,000	50,000
		Construction Communications "Upgrade SEA"		300,000		300,000
		Live Music Program - ADR		40,000		40,000
		Live Music Program - Tenants		40,000		40,000
		Small Works - Signage Manufacture and Installation Landside			125,000	125,000
		SmarteCarte - IAF Scope Add		1,000,000		1,000,000
		Various Terminal Furniture Replacements			257,359	257,359
	Customer travel information and assistance	Administrative Staff Assistant	1	45,020	4,000	49,020
		Consolidated Customer Call Center		80,000		80,000
		Language Line (Interpretive Services) - Baseline Increase		80,000		80,000
		Virtual Concierge - General Supplies and Software		160,000		160,000
		Volunteer Coordinator	1	72,623	4,000	76,623
	Keeping up with Growth at the Airport	2023 New Air Service Incentive			900,000	900,000
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Budget Requests: Customer Experience (cont.)

AV Priority	Problem/Need/Opportunity	Solution	2023 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Customer Experience	Processing Passengers	Cobus Video Storage Increase			11,000	11,000
		STAC Cobus Use Estimate Reimbursement		45,000		45,000
	PM support for tenant expense projects	Consultant PMs for Tenant Projects in 2023 (3 Consultants)			791,333	791,333
	Environmental Compliance	Preconditioned Air (PC Air) Support			150,000	150,000
	Customer Experience	Standard Waste Receptacle Purchase			180,000	180,000
		Zone 4 Janitorial contract impact in 2023		340,000		340,000
	Asset Management, Capital Development and Delivery	Baggage Ops Systems Specialist	1	111,540		111,540
		Brock Solutions contract for Proprietary Baggage Controls		139,000		139,000
		Intellimodus contract for Proprietary Baggage Controls		46,050		46,050
		Jervis Webb contract for Proprietary Baggage Controls		62,000		62,000
		Mechanical Maint Engineer (3 FTEs)	3	434,090		434,090
		Truck Upfitting			15,000	15,000
	Innovations and Operational Efficiencies	Optiqo Restroom Digital Signage			100,000	100,000
		Smart Restroom technology expansion			200,000	200,000
	Operational Resiliency	Electrical System PLC/SCADA Support		80,000		80,000
Customer Experience Total			7	9,122,682	2,793,192	11,915,874

Budget Requests: Environment & Sustainability

AV Priority	Problem/Need/Opportunity	Solution	2023 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Environment and Sustainability	Keeping up with Growth at the Airport	Gatekeeper Maintenance Agreement		10,000		10,000
	Environmental Compliance	(PCS/AVM) Olympic Rd Temp Water Pipe Abandonment			150,000	150,000
		6PPD-quinone Evaluation and Testing			100,000	100,000
		PFAS Ongoing Investigations & Planning			400,000	400,000
	Address maintenance needs and standards	Utility Master Plan			280,000	280,000
	Be the Greenest and Most Energy-Efficient Port in North America	Ground Transportation (GT) Emission Reduction Strategy			150,000	150,000
		Land Stewardship Goals & Tree Development Standards			30,000	30,000
		NREL Athena Passenger Mode Choice Model			200,000	200,000
		RCF Electrical System Planning Study			200,000	200,000
		Sustainable Aviation Fuels Co-Benefits (Environmental Attributes) Pilot Project			1,000,000	1,000,000
		Terminal Education: The Good Traveler			37,000	37,000
	Environmental Compliance.	Environmental Management Specialist	1	67,179	3,500	70,679
		Sustainable Airport Master Plan (SAMP) Near-Term Projects (NTP) environmental review			1,480,000	1,480,000
	Implement GTAP Goals	Transportation Mgmt Assoc Consultant			125,000	125,000
	Environmental Compliance, Energy Efficiency	Building Energy Efficiency Audit			300,000	300,000
		Energy Management System Software		110,250		110,250
		Energy Manager	1	93,169	5,500	98,669
		Utilities Billing Analyst	1	67,879	5,500	73,379
	Environment and Sustainability Total			3	348,477	4,466,500

Budget Requests: Financial Sustainability

AV Priority	Problem/Need/Opportunity	Solution	2023 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Financial Sustainability	Prepare for airline lease agreement negotiations	Financial Consulting - workshops in preparation for SLOA V negotiations (WJ Advisors)			70,000	70,000
	Improve organizational effectiveness	Financial Analyst AV - Aero Team	1	74,859	2,500	77,359
	Pursue revenue development opportunities	Non-Aeronautical Revenue Sponsorship Study			150,000	150,000
		Public Relations Consultant - Off-Airport Parking Ops			150,000	150,000
Financial Sustainability Total			1	74,859	372,500	447,359

Budget Requests: Asset Management, Capital Projects, and Planning

AV Priority	Problem/Need/Opportunity	Solution	2023 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Asset Management, Capital Development and Delivery	Meet the maintenance needs and standards of Existing and Future Facilities.	Project Development Specialist	1	84,141	4,400	88,541
	Continued support for the garage fire repairs	Garage Fire Design Support during Construction			20,000	20,000
	Requirement from the FAA	Pavement condition assessment on the airfield			150,000	150,000
	Upgrade phones for staff that are eligible	Computer and Cell phone upgrade Place Holder		24,756		24,756
	Provide administrative support to the Chief Development Office	Sr. Administrative Assistant	1	59,952	2,500	62,452
	Asset Management, Capital Development and Delivery - provides consultant support to augment the current staff	Consultant Support for Controls & Estimating Services			50,600	50,600
	Asset Management, Capital Development and Delivery- provides cost estimating, cost control and scheduling support to the SoCoEvo program	Program Controls Managers / SoCoEvo & Main Terminal Improvements 1	1	91,319	2,500	93,819
	Asset Management, Capital Development and Delivery - provide systems support	Purchase Licenses for Oracle Primavera P6 Professional SaaS/EPPM/Oracle Primavera Cloud		49,500		49,500
	Strategic Capital Development	On-Call Planning			2,250,000	2,250,000
		Transoft - AviPLAN Airside Pro		4,300		4,300
	Maintenance Needs and Standards	Standards Development - Transportation Signage			100,000	100,000
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Budget Requests: Asset Management, Capital Projects, and Planning (cont.)

AV Priority	Problem/Need/Opportunity	Solution	2023 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Asset Management, Capital Development and Delivery	Maintenance Needs and Standards, Strategic Capital Development	Asset Management Program Development (Woolpert)			700,000	700,000
		Consultant - Structural Engineering			50,000	50,000
		Senior CAD-BIM Specialist	1	68,379	5,500	73,879
	Maintain Airport Art	Art Moving Contractor			50,000	50,000
		Art Restoration		500,000		500,000
	Develop hiring strategy focused on operational efficiency	Organizational Effectiveness and Efficiency Study			250,000	250,000
	Meet the Maintenance Needs and Standards of the Existing Facilities	ADR/Duty Free Technical Representative			125,000	125,000
	Environmental Compliance. Identify modifications and approach for capital program infrastructure needs to comply with Ecology regulatory requirements.	AFFF Transition Scoping Support to Capital Programs			100,000	100,000
	Asset Management, Capital Development and Delivery	Automated Control Specialist	1	94,568		94,568
		Engineering / PCS / Diesel Fuel		123,809		123,809
	Support for Airline Realignment capital project	Airline Realignment			6,882,991	6,882,991
	Support for capital program projects	Capital Project Manager V	1	102,043	2,500	104,543
		Expense Associated with Capital Project Support			1,025,000	1,025,000
Asset Management, Capital Development and Delivery Total			6	1,202,768	11,770,991	12,973,759
Grand Total			23	12,472,048	23,543,712	36,015,760

Planning Studies Detail

On-Call Planning	Amount	Description
PM Support & Small Planning Tasks	\$300,000	Provides funds to conduct work outside of individual Service Directives, including responding to emerging issues and requests for planning assistance from other departments and providing technical support as needed to Port Planning staff conducting simulation modeling.
Main Terminal Ticketing Study	\$675,000	Work includes but is not limited to further study of how best to utilize the Promenade level and window wall areas; adjustment to SSCPs and check-in driven by the NMT project, AA plan for flow-through in Zone 5, and relocation of Checkpoint 1; and tenant/ADR relocations and support space planning.
Hardstand Utilization Study	\$350,000	Comprehensive, high-level assessment of hardstand demand/capacity in consideration of gate impacts and hardstand impacts/development prior to completion of the SAMP NTP.
Travel Demand Model (TDM) Update	\$300,000	The Port/CoST jointly own and maintain a VISSUM Travel Demand Model (TDM) that is used to forecast vehicle activity on the regional roadway network. The 2018 ILA states that either party may update the model and that "the parties may share in the cost of labor-intensive updates to the model that benefit both parties." The City intends to hire a consultant to update the model and conduct traffic analysis as part of its Transportation Element Update.
Parking Garage Operational/Strategic Plan	\$225,000	Work under this initiative will formalize a high-level strategic plan for how the various user groups should be accommodated in the garage over the near-term. This work will facilitate development of the Parking Garage Improvement Program and will include an assessment of potential equity benefits/impacts from proposed improvements.
TOTAL	\$1,850,000	
Capital Programs		
EV Charging Program	\$200,000	This study would determine the current and emerging needs for EV chargers throughout the airport; assess what supporting infrastructure will be needed to facilitate the expanding use of EV's at SEA.
Learning Center/PCS/Logistics Area Development Plan	\$200,000	This development plan would assess the most productive use of the Learning Center, PCS and Logistics areas. The existing capacity will not be enough to support upcoming projects, so alternatives must be developed.
TOTAL	\$400,000	

ADR = Airport Dining & Retail
NTP = Notice to Proceed

CoST = City of SeaTac
SAMP = Sustainable Airport Master Plan

EV = Electric Vehicle

ILA = Interlocal Agreement

SSCPs = Security Screening Checkpoints (TSA lanes)

NMT = North Main Terminal Project (AKA Alaska Zone 6/7 & SEA Gateway Project)

VISSUM = name of traffic modeling software

FTE SUMMARY AND DETAILED REQUESTS

2023 FTE Reconciliation

CHANGES IN FTEs		
2023 Proposed Budget FTEs	FTEs	%
Combined total FTEs in Aviation division	1,266.28	
less: remaining FROZEN positions in Aviation	(19.24)	
2022 Approved Budget - <u>funded</u> FTEs	1,247.04	
2022 Changes in FTEs during the year		
2022 mid-year FTE additions - new FTEs	5.00	
Other FTE adjustments during 2022	(0.13)	
2022 Mid-year Changes in FTEs	4.87	0.4%
FTEs in 2023 Baseline Budget BEFORE Budget Requests	1,251.91	
Proposed New FTEs in 2023 Budget:		
Unfreeze existing vacant FTEs for hiring	3.00	
New FTEs - strategic functions	20.00	
Proposed Increase in 2023 Budget FTEs	23.00	1.8%
FTEs in Proposed Aviation 2023 Budget	1,274.91	2.2%
<i>Note: incremental % changes compared to FTE <u>funded</u> in the 2022 Approved Budget</i>		

New FTE Requests Itemization

FTEs	(Multiple Items)		
Sum of FTEs			
AVIATION DIVISION PRIORITIES	Description (from AI)	Approved Budget Type	Total
Asset Management, Capital Development and Delivery	Automated Control Specialist	Baseline New	1
	Capital Project Manager V	Baseline New	1
	Program Controls Managers / SoCoEvo & Main Terminal Improvements 1	Baseline New	1
	Project Development Specialist	Baseline New	1
	Senior CAD-BIM Specialist	Baseline New	1
	Sr. Administrative Assistant	Baseline New	1
Asset Management, Capital Development and Delivery Total			6
Community	Airport Noise Programs Coordinator	Baseline New	1
Community Total			1
Customer Experience	Accessibility Coordinator	Unfreeze FTE	1
	Administrative Staff Assistant	Unfreeze FTE	1
	Baggage Ops Systems Specialist	Unfreeze FTE	1
	Mechanical Maint Engineer (3 FTEs)	Baseline New	3
	Volunteer Coordinator	Baseline New	1
Customer Experience Total			7
Environment and Sustainability	Energy Manager	Baseline New	1
	Environmental Management Specialist	Baseline New	1
	Utilities Billing Analyst	Baseline New	1
Environment and Sustainability Total			3
Financial Sustainability	Financial Analyst AV - Aero Team	Baseline New	1
Financial Sustainability Total			1
Health and Safety	Bldg Inspector/Plan Examiner	Baseline New	1
	Firefighter A - Mechanic	Baseline New	1
	Senior Manager Fire Protection Engineering	Baseline New	1
Health and Safety Total			3
Innovations and Operational Efficiencies	ADR Administrative Assistant	Baseline New	1
	Landside Supervisor	Baseline New	1
Innovations and Operational Efficiencies Total			2
Grand Total			23

Aviation FROZEN FTE Update

STATUS OF AVIATION FTEs FROZEN IN 2020

Aviation positions identified & FROZEN in 2020	102.3
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FROZEN positions eliminated

Permanently eliminated in 2021	31.5
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Permanently eliminated in 2022	16.2
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Total FROZEN positions eliminated:	47.7
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FROZEN positions approved to hire

Approved to Unfreeze 2021 mid-year	15.0
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Approved to Unfreeze in 2022 Budget	36.6
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Total FROZEN positions approved to hire	51.6
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Unfreeze FTEs requested in 2023 Budget	3.0
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Remaining FROZEN positions in Aviation:	(0.0)
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AERONAUTICAL BUSINESS

Aeronautical Business

- Revenues defined by cost recovery formulas in Signatory Lease and Operating Agreement (SLOA IV)
 - O&M and capital costs included in airline rate bases
- As travel continues to recover this year and next, improvement in passenger levels and other airport activity will help manage costs and rates to the airlines.
- CPE increasing in 2023 by 20% primarily due to increased O&M and no further COVID Relief Grants to offset costs.

Aeronautical NOI

Aeronautical NOI (\$ in 000's)	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2022 Forecast	2023 Proposed Budget	Incr (Decr) Change from 2022 \$ %	
Rate Base Revenues								
Airfield Movement Area	123,436	84,906	88,061	118,291	117,851	141,881	23,590	19.9%
Airfield Apron Area	22,016	15,146	17,146	16,439	15,236	29,326	12,887	78.4%
Terminal Rents	169,318	169,318	169,318	220,174	216,100	270,449	50,275	22.8%
Federal Inspection Services (FIS)	12,321	8,616	10,978	23,468	27,092	46,310	22,842	97.3%
Total Rate Base Revenues	327,092	277,986	285,504	378,373	376,279	487,967	109,594	29.0%
Airfield Commercial Area	11,687	17,633	16,702	16,590	16,508	16,850	260	1.6%
Subtotal before Revenue Sharing	338,779	295,619	302,206	394,963	392,787	504,817	109,854	27.8%
Revenue Sharing	(17,146)	1	-	-	-	-	-	
Total Aeronautical Revenues	321,633	295,620	302,206	394,963	392,787	504,817	109,854	27.8%
Total Aeronautical Expenses	236,959	219,878	203,573	270,850	262,032	320,511	49,661	18.3%
Aeronautical NOI	84,674	75,743	98,633	124,113	130,755	184,307	60,193	48.5%
Debt Service	(110,886)	(63,216)	(80,554)	(99,789)	(87,946)	(152,649)	(52,860)	53.0%
Net Cash Flow	(26,212)	12,526	18,079	24,324	42,809	31,657	7,333	30.1%

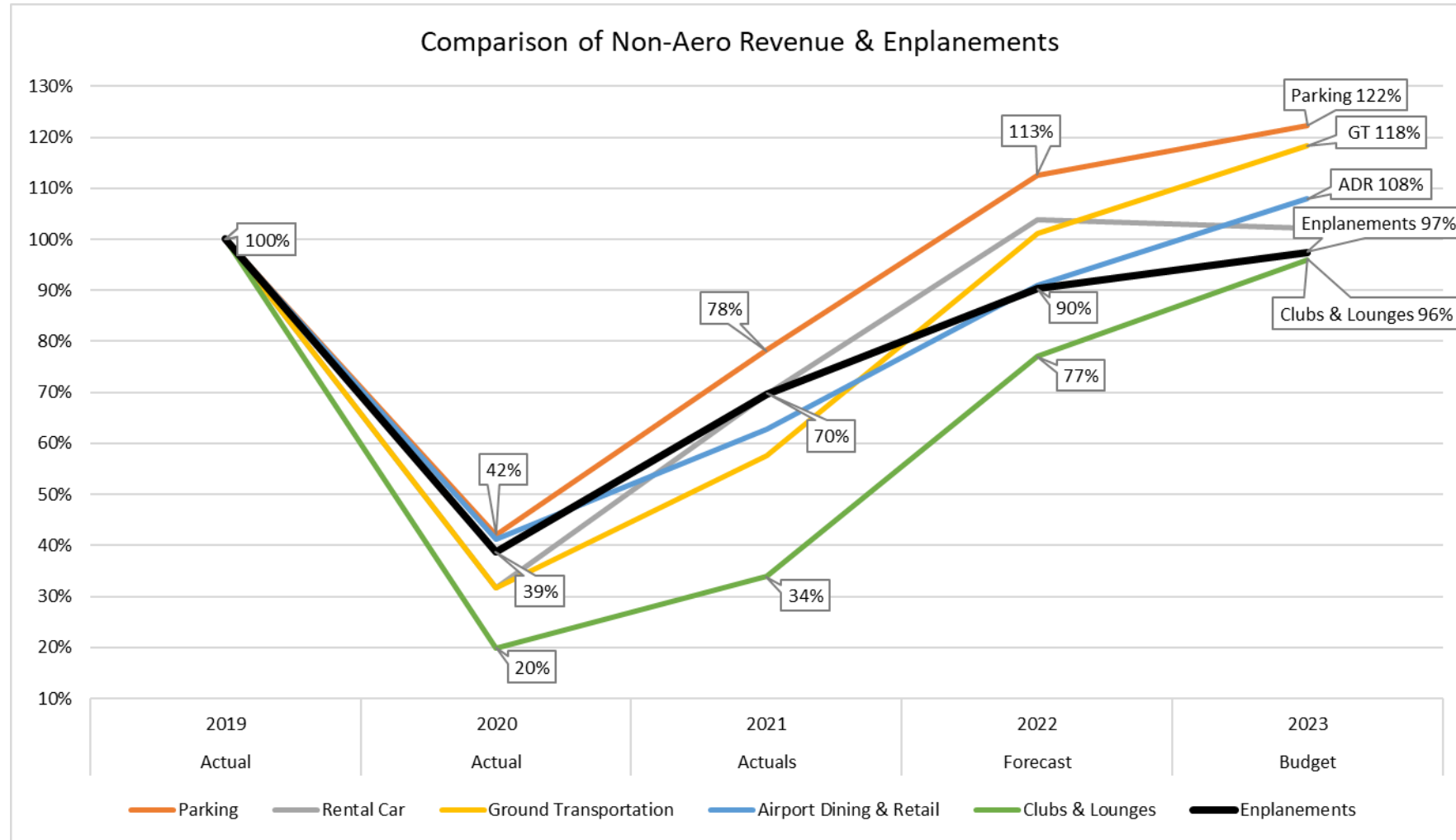
NON-AERONAUTICAL BUSINESS

Non-Aero Revenue

- **Airport Dining & Retail (ADR)** – activity is expected to grow substantially in 2023, with the opening of *Salty's Restaurant* in the central terminal food court, and continued demand from returning passenger volumes. Slower ADR revenue recovery in 2021/2022 reflected ongoing labor shortages which impacted concessionaire ability to serve growing passenger volumes.
- **Parking revenue** – demand for parking continues to outpace the recovery of passenger volumes. Tariff parking rate increase in 2022 was well received and did not reduce demand for close in parking.
- **Rental Car revenue** – remained high in 2022 due to elevated rental rates from continued constraints in fleet availability for some operators, partially offset by lower CFC collections. In 2023, fleet shortages are expected to largely resolved which will shift rental car revenue toward lower more stabilized concession fee levels, while CFC earnings are expected to rebound in 2023.
- **Ground Transportation (GT)** – GT trip activity recovered more slowly during the pandemic, due to a strong shift in customer preference away from share-ride transportation options. This trend began to ease in 2022 with an increased demand for TNCs as well as a smaller rebound in demand for taxi operations. Demand for TNC trips is expected to continue to grow in 2023.
- **Commercial properties** – In-flight Kitchen revenue continues to recover on pace with passenger volumes and returning international travel. New AMEX lounge is expected to be open full year in 2023. Other space rent not impacted by changes in passenger volume.
- **Airport clubs & lounges** – recovery in lounge revenue has been slower than other Non-Aero lines of business primarily due to the slower recovery in international passenger volumes. Lounge utilization is expected to grow in 2023.

Non-Aero Revenue Recovery as % of 2019 Actual

Reflects business performance before grants



Non-Aero Revenue before concessionaire grants

Non-Aeronautical Revenue Recovery Trend by Year (\$ in 000's)	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2022 Forecast	2023 Budget	Incr/(Decr) Change from 2023 Budget v. 2022 FCST \$ %		Fav(UnFav) 2023 BUD v. 2022 BUD Variance \$ %		Fav(UnFav) 2023 BUD v. 2019 Actual Variance \$ %	
Non-Aeronautical Revenues												
Public Parking	82,125	34,502	64,289	81,028	92,396	100,384	7,988	8.6%	19,356	23.9%	18,260	22.2%
Rental Cars	52,567	16,637	36,612	52,138	54,625	53,743	(882)	-1.6%	1,605	3.1%	1,177	2.2%
Ground Transportation	20,765	6,557	11,947	18,242	21,018	24,583	3,565	17.0%	6,341	34.8%	3,818	18.4%
Employee Parking	10,438	8,848	9,006	10,472	10,321	10,462	142	1.4%	(10)	-0.1%	25	0.2%
Landside Total	165,894	66,544	121,854	161,880	178,360	189,173	10,813	6.1%	27,293	16.9%	23,279	14.0%
Commercial Properties	15,773	10,766	12,520	15,371	16,056	17,289	1,232	7.7%	1,918	12.5%	1,516	9.6%
Non-Airline Terminal Leased Space	6,398	5,816	6,159	7,334	6,470	9,086	2,616	40.4%	1,752	23.9%	2,688	42.0%
Clubs and Lounges	10,274	2,043	3,478	8,972	7,911	9,859	1,948	24.6%	886	9.9%	(415)	-4.0%
AV Properties Total	32,444	18,625	22,157	31,677	30,438	36,233	5,796	19.0%	4,556	14.4%	3,789	11.7%
Airport Dining & Retail	61,615	25,418	38,693	59,248	56,148	66,542	10,394	18.5%	7,294	12.3%	4,927	8.0%
Tenant Marketing	1,273	254	956	1,335	1,381	1,707	327	23.7%	373	27.9%	434	34.1%
AOB Conference Center	462	61	43	80	98	153	55	56.6%	73	91.3%	(309)	-66.9%
Commercial Mgmt Total	63,350	25,732	39,692	60,663	57,627	68,403	10,776	18.7%	7,739	12.8%	5,053	8.0%
Utilities	7,431	5,672	6,350	7,765	7,765	8,541	776	10.0%	776	10.0%	1,110	14.9%
Other Non-Aero Revenue	(82)	(101)	(933)	253	332	253	(79)	-23.7%	(0)	0.0%	335	-408.4%
Total Non-Aeronautical Revenues BEFORE grants	269,037	116,473	189,120	262,239	274,522	302,603	28,082	10.2%	40,364	15.4%	33,566	12.5%
less Concession Relief grants	-	-	(5,301)	(21,419)	(21,473)	-	21,473	-100.0%	21,419	-100.0%	-	
Non-Aeronautical Operating Revenue	269,037	116,473	183,819	240,820	253,049	302,603	49,554	19.6%	61,783	25.7%	33,566	12.5%
<u>Enplanements shown in 000's</u>											-	
Total Enplanements	25,874	10,037	18,039	24,259	23,366	25,224	1,858	8.0%	966	4.0%	(650)	-2.5%
International Enplanements	2,858	664	818	1,855	2,220	2,565	345	15.5%	710	38.3%	(293)	-10.2%
O&D Enplanements	18,163	6,614	12,050	17,224	15,889	17,505	1,616	10.2%	282	1.6%	(658)	-3.6%

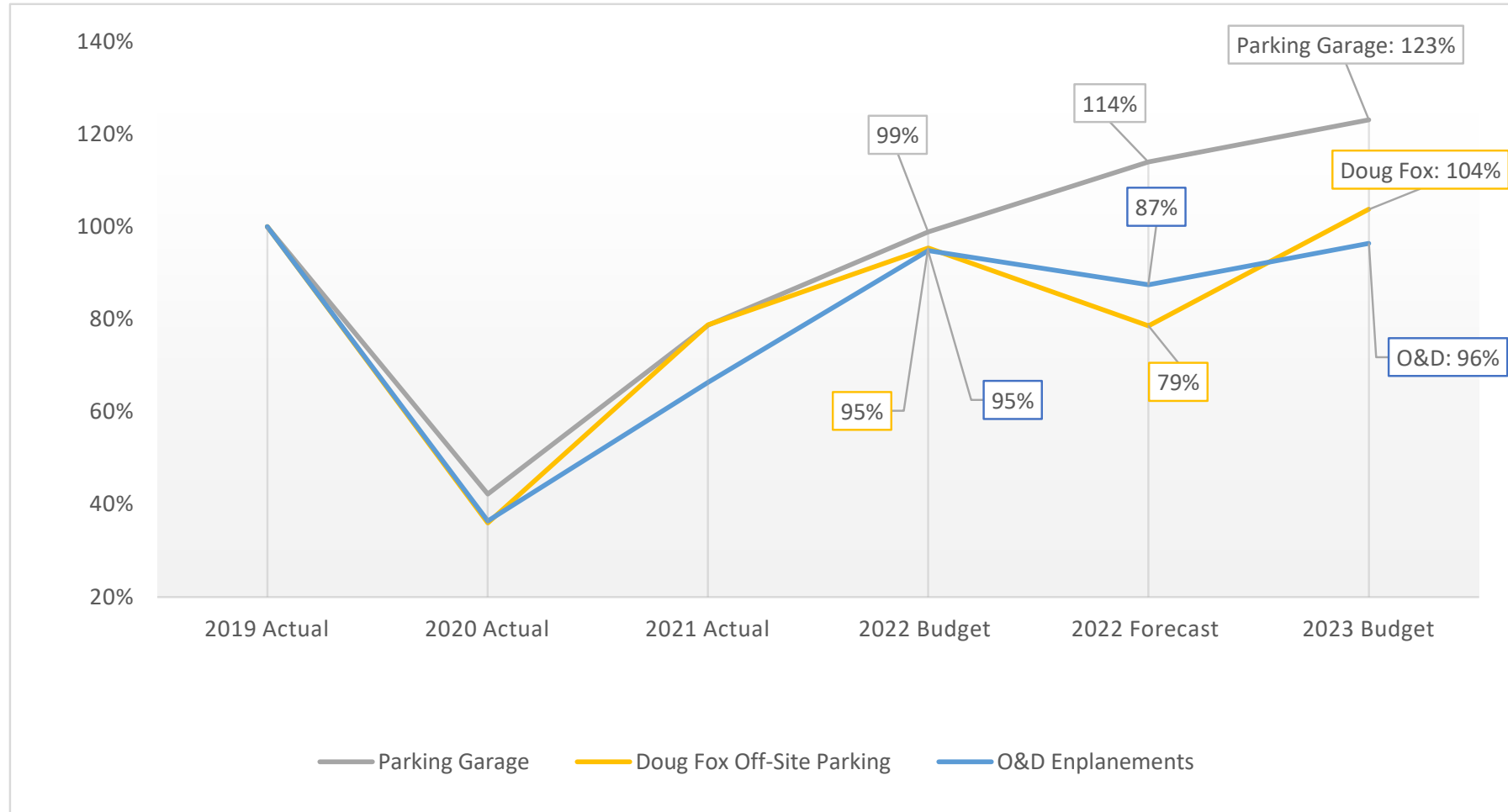
Public Parking – Revenue Before Grants

Revenue Summary <i>Org= (Top Level), Class= (S3420-Public Parking)</i>	2019	2020	2021	2022	2022	2023	Inc/(Dec) from 2022 Forecast		Inc/(Dec) from 2022 Budget	
	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
Operating Revenue										
Parking Revenue	78,779,561	33,293,789	62,028,591	77,869,000	89,790,302	96,949,918	7,159,616	8.0%	19,080,918	24.5%
Drive-Up Parking (General/Terminal Direct)	73,562,417	27,156,865	47,994,394	61,759,000	74,562,013	78,816,718	4,254,704	5.7%	17,057,718	27.6%
Pre-Booked Parking	216,743	2,934,747	11,267,894	13,200,000	11,202,739	13,873,200	2,670,461	23.8%	673,200	5.1%
Premier Corporate Parking	1,414,671	448,740	0	0	0	0	0		0	
Kontrol Kards/AVI Tags	3,625	15,650	8,500	0	5,100	0	(5,100)	-100.0%	0	
Passport Parking	3,582,106	2,737,788	2,757,804	2,910,000	4,020,450	4,260,000	239,550	6.0%	1,350,000	46.4%
Badge Fees	8,750	3,450	0	0	0	0	0		0	
Space Rental	3,335,791	1,203,911	2,797,141	3,159,000	2,605,657	3,434,400	828,743	31.8%	275,400	8.7%
Doug Fox Off-Site Parking	3,292,318	1,185,911	2,779,141	3,141,000	2,587,658	3,416,400	828,742	32.0%	275,400	8.8%
Space Rental	43,473	18,000	18,000	18,000	18,000	18,000	0	0.0%	0	0.0%
Other Service Revenues	593	987	(536,774)	0	338	0	(338)	-100.0%	0	
Total Operating Revenues BEFORE Grants	82,124,696	34,502,137	64,288,958	81,028,000	92,396,297	100,384,318	7,988,021	8.6%	19,356,318	23.9%
Less Concession Relief Grants			(184,799)							
Total Operating Revenues	82,124,696	34,502,137	64,104,159	81,028,000	92,396,297	100,384,318	7,988,021	8.6%	19,356,318	23.9%
<i>Total Enplanements</i>	25,873,875	10,036,706	18,038,632	24,258,544	23,360,620	25,224,049	1,863,429	8.0%	965,506	4.0%
<i>O&D %</i>	70.2%	65.9%	66.8%	71%	68%	69.4%	1.4%	2.1%	-1.6%	-2.3%
<i>O&D Enplanements</i>	18,163,460	6,614,189	12,049,806	17,223,566	15,885,221	17,505,490	1,620,269	10.2%	281,924	1.6%

Public Parking – Revenue Metrics

Public Parking Revenue Metrics <i>Revenue per O&D Enplanement</i>	2019	2020	2021	2022	2022	2023	Inc/(Dec) from 2022 Forecast		Inc/(Dec) from 2022 Budget	
	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
Drive-Up Parking (General/Terminal Direct)	\$ 4.05	\$ 4.11	\$ 3.98	\$ 3.59	\$ 4.69	\$ 4.50	\$ (0.19)	-4.1%	\$ 0.92	25.6%
Pre-Booked Parking	\$ 0.01	\$ 0.44	\$ 0.94	\$ 0.77	\$ 0.71	\$ 0.79	\$ 0.09	12.4%	\$ 0.03	3.4%
Passport Parking	\$ 0.20	\$ 0.41	\$ 0.23	\$ 0.17	\$ 0.25	\$ 0.24	\$ (0.01)	-3.8%	\$ 0.07	44.0%
Premier Corporate Parking	\$ 0.08	\$ 0.07	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	
Total Garage Revenue per O&D Enplanement	\$ 4.26	\$ 4.96	\$ 5.15	\$ 4.52	\$ 5.65	\$ 5.54	\$ (0.11)	-2.0%	\$ 1.02	22.5%
Doug-Fox Off-Site Parking	\$ 0.18	\$ 0.18	\$ 0.23	\$ 0.18	\$ 0.16	\$ 0.20	\$ 0.03	19.8%	\$ 0.01	7.0%
All Other Parking Revenue	\$ 0.00	\$ 0.01	\$ (0.04)	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.00)	-30.3%	\$ (0.00)	-1.6%
Total Parking per O&D Enplanement	\$ 4.44	\$ 5.15	\$ 5.34	\$ 4.70	\$ 5.82	\$ 5.73	\$ (0.08)	-1.4%	\$ 1.03	21.9%
<i>Total Enplanements</i>	25,873,875	10,036,706	18,038,632	24,258,544	23,360,620	25,224,049	1,863,429	8.0%	965,506	4.0%
<i>O&D %</i>	70.2%	65.9%	66.8%	71%	68%	69.4%	1.4%	2.1%	-1.6%	-2.3%
<i>O&D Enplanements</i>	18,163,460	6,614,189	12,049,806	17,223,566	15,885,221	17,505,490	1,620,269	10.2%	281,924	1.6%

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



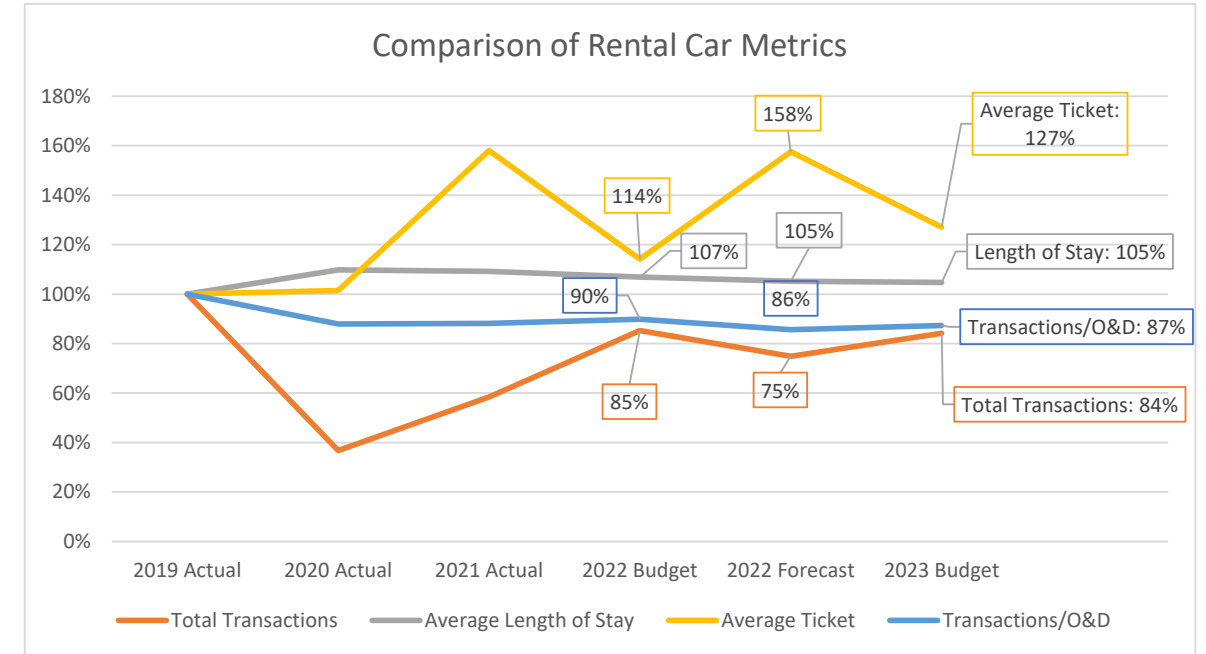
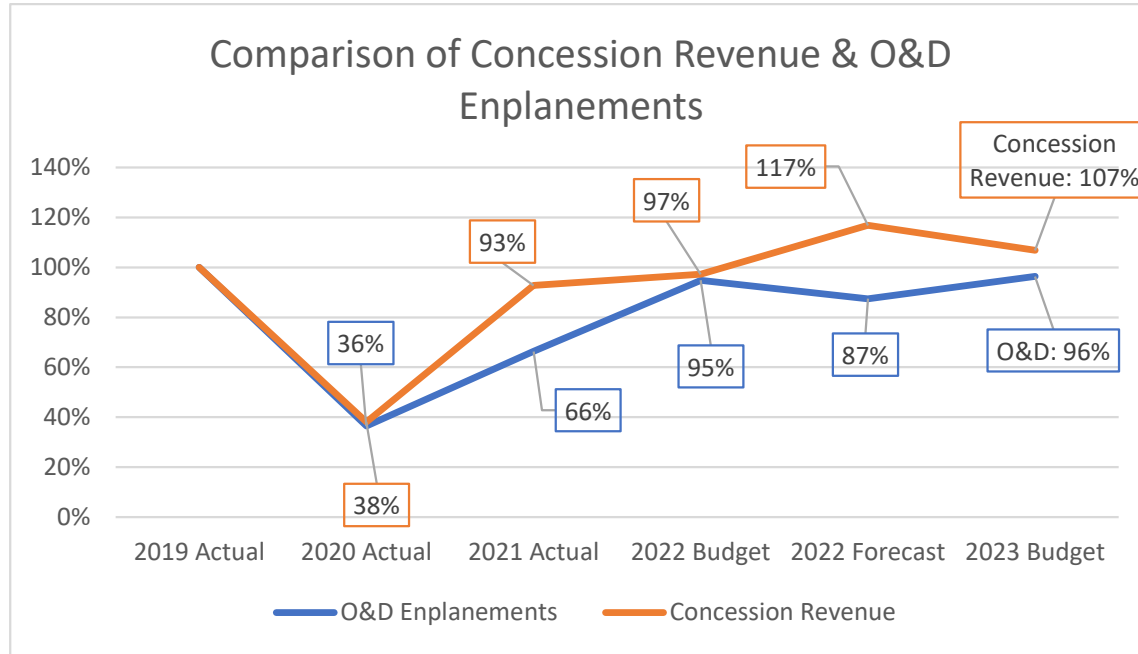
Parking Overview:

- Public Parking revenue recovery performing significantly better than O&D enplanements.
- Doug Fox showing strong recovery, also ahead of O&D enplanements

Rental Car – Revenue (before grants) & Metrics

Revenue Summary <i>Org= (Top Level), Class= (\$3430-Rental Cars)</i>	2019	2020	2021	2022	2022	2023	Inc/(Dec) from 2022 Forecast		Inc/(Dec) from 2022 Budget	
	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
Operating Revenue										
<u>Concession Revenue & Metrics</u>										
Transactions/O&D Enplanement	7.79%	6.84%	6.86%	7.00%	6.67%	6.80%	0.13%	1.9%	-0.20%	-2.9%
Total Transactions	1,414,096	519,482	826,261	1,206,000	1,058,956	1,190,300	131,344	12.4%	(15,700)	-1.3%
Average Ticket Price	\$ 232.06	\$ 235.57	\$ 366.87	\$ 265.00	\$ 365.58	\$ 295.00	\$ (70.58)	-19.3%	\$ 30.00	11.3%
Gross Sales by Operators	328,155,837	122,371,894	303,133,076	319,590,000	387,135,610	351,138,500	(35,997,110)	-9.3%	31,548,500	9.9%
Car Rental - Concession Revenues	32,869,677	12,530,950	30,493,838	31,958,000	38,405,070	35,113,850	(3,291,220)	-8.6%	3,155,850	9.9%
<u>CFC Revenue Summary</u>										
Average Length of Stay	4.49	4.93	4.90	4.80	4.72	4.70	(0.02)	-0.5%	(0.10)	-2.1%
Total Transaction Days	6,356,224	2,560,292	4,050,186	5,789,000	5,000,584	5,594,300	593,716	11.9%	(194,700)	-3.4%
CFC Rate per Transaction Day	6.00	6.00	6.50	7.00	7.00	7.00	0	0.0%	0	0.0%
CFC Revenue Earned	38,128,482	17,630,000	26,326,212	40,523,000	35,004,090	39,160,100	4,156,010	11.9%	(1,362,900)	-3.4%
Other CFC Revenue					1,500,000		(1,500,000)	-100.0%	0	
Debt Service Reserve Requirement	(22,355,310)	(24,033,611)	(24,273,231)	(24,410,800)	(24,410,800)	(24,657,600)	(246,800)	1.0%	(246,800)	1.0%
CFC Operating Revenue	15,773,172	0	2,017,900	16,112,200	12,093,290	14,502,500	2,409,210	19.9%	(1,609,700)	-10.0%
Land Rental	3,823,883	3,996,478	4,005,920	3,974,800	4,034,230	4,034,232	2	0.0%	59,432	1.5%
Space Rental	14,048	23,217	7,936	6,710	6,736	6,732	(4)	-0.1%	22	0.3%
Other Service Revenues	85,783	86,029	85,964	86,400	85,943	85,944	1	0.0%	(456)	-0.5%
Total Operating Revenues BEFORE Grants	52,566,564	16,636,674	36,611,558	52,138,110	54,625,269	53,743,258	(882,011)	-1.6%	1,605,148	3.1%
Less Concession Relief Grants			(1,871,326)							
Total Operating Revenues	52,566,564	16,636,674	34,740,232	52,138,110	54,625,269	53,743,258	(882,011)	-1.6%	1,605,148	3.1%
<i>Total Enplanements</i>	<i>25,873,875</i>	<i>10,036,706</i>	<i>18,038,632</i>	<i>24,258,544</i>	<i>23,360,620</i>	<i>25,224,049</i>	<i>1,863,429</i>	<i>8.0%</i>	<i>965,506</i>	<i>4.0%</i>
<i>O&D %</i>	<i>70.2%</i>	<i>65.9%</i>	<i>66.8%</i>	<i>71%</i>	<i>68%</i>	<i>69.4%</i>	<i>1.4%</i>	<i>2.1%</i>	<i>-1.6%</i>	<i>-2.3%</i>
<i>O&D Enplanements</i>	<i>18,163,460</i>	<i>6,614,189</i>	<i>12,049,806</i>	<i>17,223,566</i>	<i>15,885,221</i>	<i>17,505,490</i>	<i>1,620,269</i>	<i>10.2%</i>	<i>281,924</i>	<i>1.6%</i>

Rental Car Key Metrics as % compared to 2019 Actuals



- Rental Car concession fee revenue outperforming O&D recovery
- Volatility in key metrics that impact Rental Car revenue
- Average Ticket Price driven higher by shortages in rental vehicles and Transactions conversely impacted
- Expecting improvement in vehicle availability in 2023, resulting in lower ticket prices and increased transactions

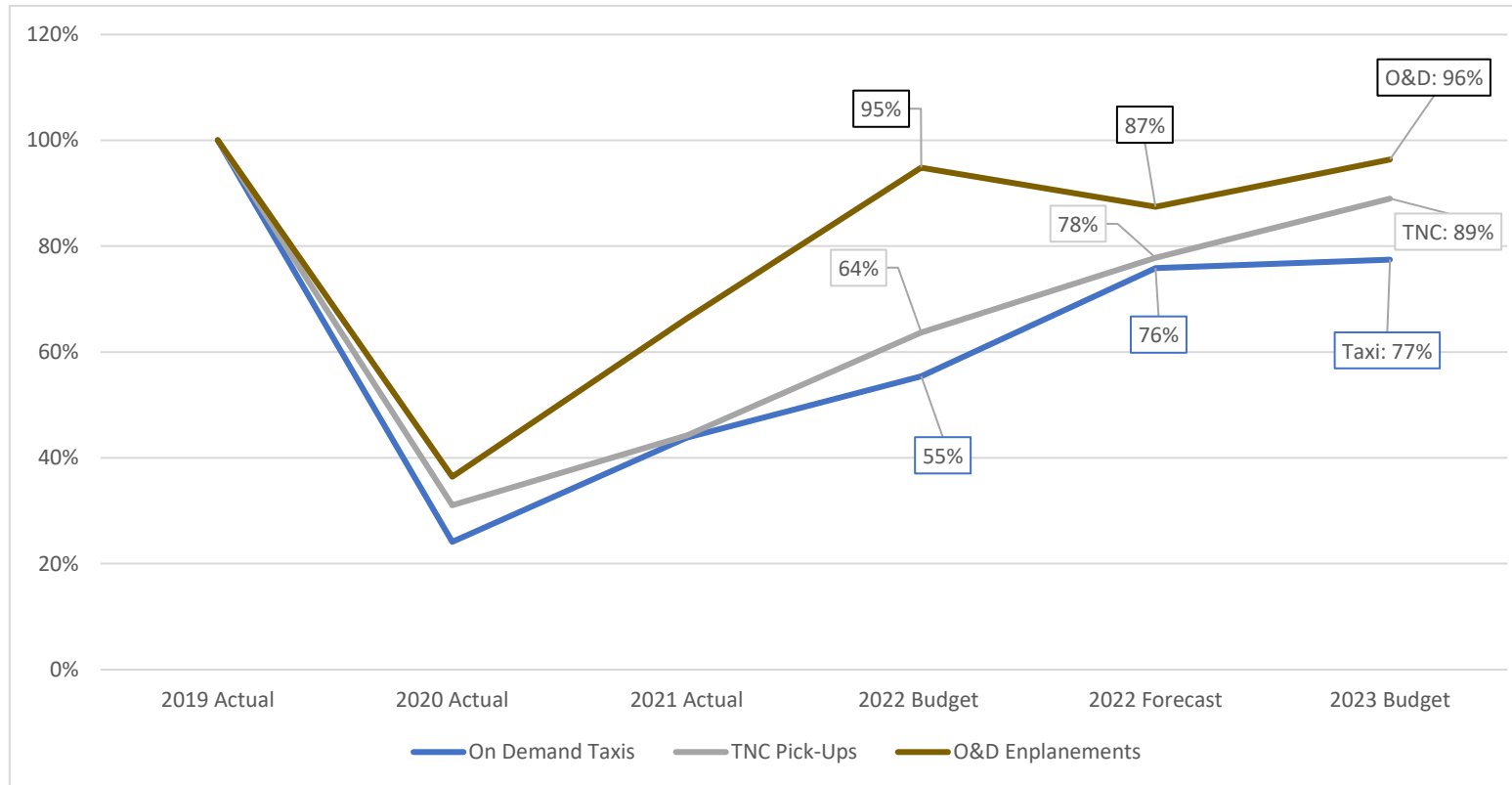
Ground Transportation

Revenue Summary <i>Org= (Top Level), Class= (S3450-Ground Transportation)</i>	2019	2020	2021	2022	2022	2023	Inc/(Dec) from 2022 Forecast		Inc/(Dec) from 2022 Budget	
	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
Operating Revenue										
Land Rental	6,888	0	0	0	0	0	0		0	
Space Rental	64,326	36,699	(10,649)	3,228	3,227	3,228	1	0.0%	0	0.0%
Airport Transportation Fees	20,471,957	6,444,962	11,889,114	18,138,800	20,937,992	24,519,895	3,581,903	17.1%	6,381,095	35.2%
On Demand Taxis	3,577,652	857,448	1,588,302	2,066,900	2,795,058	2,888,407	93,349	3.3%	821,507	39.7%
Charter Buses	229,370	26,727	48,759	316,500	161,652	369,500	207,848	128.6%	53,000	16.7%
Prearranged Limos/For Hire Veh	610,960	208,525	301,105	304,100	278,520	407,600	129,080	46.3%	103,500	34.0%
TNC For Hire Vehicles	12,982,272	4,032,408	7,985,645	13,312,400	15,603,897	18,821,388	3,217,491	20.6%	5,508,988	41.4%
Airporters	56,537	22,288	35,672	43,800	40,422	48,200	7,778	19.2%	4,400	10.0%
Courtesy Cars	2,018,668	877,235	1,878,698	1,979,300	1,966,154	1,892,200	(73,954)	-3.8%	(87,100)	-4.4%
Shared Ride Vans	99,165	8,499	16,633	51,300	32,312	28,600	(3,712)	-11.5%	(22,700)	-44.2%
Belled-In Taxis	27,450	12,000	9,660	14,500	15,576	14,000	(1,576)	-10.1%	(500)	-3.4%
On Demand Limos	836,843	371,272	0	0	0	0	0		0	
Parcel Carriers (Landside)	33,040	28,560	24,640	50,000	44,400	50,000	5,600	12.6%	0	0.0%
Other Service Revenues	222,015	75,829	68,466	100,000	76,829	60,000	(16,829)	-21.9%	(40,000)	-40.0%
Fines	218,550	73,450	64,200	100,000	74,050	60,000	(14,050)	-19.0%	(40,000)	-40.0%
CrCd Service Fee Revenue	3,465	2,379	4,266	0	2,779	0	(2,779)	-100.0%	0	
Total Operating Revenues	20,765,185	6,557,489	11,946,931	18,242,028	21,018,048	24,583,123	3,565,075	17.0%	6,341,095	34.8%
<i>Total Enplanements</i>	25,873,875	10,036,706	18,038,632	24,258,544	23,360,620	25,224,049	1,863,429	8.0%	965,506	4.0%
<i>O&D %</i>	70.2%	65.9%	66.8%	71%	68%	69.4%	1.4%	2.1%	-1.6%	-2.3%
<i>O&D Enplanements</i>	18,163,460	6,614,189	12,049,806	17,223,566	15,885,221	17,505,490	1,620,269	10.2%	281,924	1.6%

Ground Transportation Activity & Metrics

GT Trip Activity	2019	2020	2021	2022	2022	2023	Inc/(Dec) from 2022 Forecast		Inc/(Dec) from 2022 Budget	
	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
<u>Ground Transportation Trips</u>										
On Demand Taxis	621,541	149,806	272,185	344,472	471,601	481,401	9,800	2.1%	136,929	39.8%
TNC Drop-Offs*	0	0	1,154,266	1,682,088	1,875,356	2,100,659	225,303	12.0%	418,571	24.9%
TNC Pick-Ups	2,163,610	672,068	956,559	1,377,661	1,683,624	1,925,605	241,981	14.4%	547,944	39.8%
TNC Total	2,163,610	672,068	2,110,825	3,059,749	3,558,980	4,026,264	467,284	13.1%	966,515	31.6%
On Demand Limos	65,121	12,110	0	0	0	0	0		0	
Belled In Taxis	13,118	2,004	3,075	4,000	3,300	3,300	0	0.0%	(700)	-17.5%
Pre-Arranged Limos	340,136	86,675	117,653	125,000	185,000	190,000	5,000	2.7%	65,000	52.0%
Courtesy Cars	1,235,606	545,000	781,606	1,050,000	920,000	1,000,000	80,000	8.7%	(50,000)	-4.8%
All other Operators	73,752	29,168	17,068	39,351	30,000	31,150	1,150	3.8%	(8,201)	-20.8%
Total GT Trips	4,512,884	1,496,831	3,302,412	4,622,572	5,168,881	5,732,115	563,234	10.9%	1,109,543	24.0%
<u>GT Trips per O&D Enplanement</u>										
On Demand Taxis	3.4%	2.3%	2.3%	2.0%	3.0%	2.8%	-0.2%	-7.4%	0.7%	37.5%
TNC Pick-Ups	11.9%	10.2%	7.9%	8.0%	10.6%	11.0%	0.4%	3.8%	3.0%	37.5%
All other Operators (Cost Recovery)	9.5%	10.2%	7.6%	7.1%	7.2%	7.0%	-0.2%	-2.4%	-0.1%	-1.1%
Trips per O&D Enplanement (Compensatory)	24.8%	22.6%	27.4%	26.8%	32.5%	32.7%	0.2%	0.6%	5.9%	22.0%
<i>Total Enplanements</i>	<i>25,873,875</i>	<i>10,036,706</i>	<i>18,038,632</i>	<i>24,258,544</i>	<i>23,360,620</i>	<i>25,224,049</i>	<i>1,863,429</i>	<i>8.0%</i>	<i>965,506</i>	<i>4.0%</i>
<i>O&D %</i>	<i>70.2%</i>	<i>65.9%</i>	<i>66.8%</i>	<i>71%</i>	<i>68%</i>	<i>69.4%</i>	<i>1.4%</i>	<i>2.1%</i>	<i>-1.6%</i>	<i>-2.3%</i>
<i>O&D Enplanements</i>	<i>18,163,460</i>	<i>6,614,189</i>	<i>12,049,806</i>	<i>17,223,566</i>	<i>15,885,221</i>	<i>17,505,490</i>	<i>1,620,269</i>	<i>10.2%</i>	<i>281,924</i>	<i>1.6%</i>
*TNC Drop-Off fees did not take effect until 01/2021										

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



- TNCs and Taxis recovering slower than O&D enplanements
 - TNCs expected to see continued growth in 2023
 - Taxi trips expected to remain steady in 2023 (Trips per O&D will decay slightly)

On-Demand Taxi NOI

On-Demand Taxi Summary	2019	2020	2021	2022	2022	2023	Inc/(Dec) from 2022 Forecast		Inc/(Dec) from 2022 Budget	
	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
<u>Income</u>										
Revenue	3,577,652	857,448	1,588,302	2,066,900	2,795,058	2,888,407	93,349	3.3%	821,507	39.7%
Operating Expense	(3,109,892)	(3,114,724)	(3,260,897)	(3,226,789)	(3,245,304)	(3,379,225)	(133,921)	4.1%	(152,436)	4.7%
NOI	467,760	(2,257,276)	(1,672,595)	(1,159,889)	(450,246)	(490,818)	(40,572)	-9.0%	669,071	57.7%
Asset Ammortization	(104,000)	(194,000)	(283,000)	(269,505)	(269,505)	(248,261)	21,244	-7.9%	21,244	-7.9%
EBIT	363,760	(2,451,276)	(1,955,595)	(1,429,394)	(719,751)	(739,079)	(19,328)	-2.7%	690,315	48.3%
<u>Activity Detail</u>										
On-Demand Taxi Trips	621,541	149,806	272,185	344,472	471,601	481,401	9,800	2.1%	136,929	39.8%
<u>Expense Detail</u>										
Payroll	708,490	726,986	851,206	770,510	783,924	873,735	89,811	11.5%	103,225	13.4%
Curbside Assistance (ABM)	1,699,581	1,752,000	1,800,000	1,800,000	1,801,862	1,843,692	41,830	2.3%	43,692	2.4%
Consultants	0	101,000	50,000	105,589	105,625	10,498	(95,127)	-90.1%	(95,091)	-90.1%
Other Direct O&M	159,617	58,000	147,925	101,846	101,846	198,699	96,853	95.1%	96,853	95.1%
Subtotal Direct O&M	2,567,687	2,637,986	2,849,131	2,777,945	2,793,257	2,926,624	133,367	4.8%	148,679	5.4%
Divisional Allocations	394,640	296,814	218,691	264,084	274,835	315,193	40,358	14.7%	51,109	19.4%
Corporate Allocations	147,565	179,924	193,075	184,760	177,212	137,409	(39,803)	-22.5%	(47,351)	-25.6%
Subtotal Operating Expenses	3,109,892	3,114,724	3,260,897	3,226,789	3,245,304	3,379,226	133,922	4.1%	152,437	4.7%
Asset Ammortization	104,000	194,000	283,000	269,505	269,505	248,261	(21,244)	-7.9%	(21,244)	-7.9%
Total Expenses	3,213,892	3,308,724	3,543,897	3,496,294	3,514,809	3,627,487	112,678	3.2%	131,193	3.8%
<i>Total Enplanements</i>	25,873,875	10,036,706	18,038,632	24,258,544	23,360,620	25,224,049	1,863,429	8.0%	965,506	4.0%
<i>O&D %</i>	70.2%	65.9%	66.8%	71%	68%	69.4%	1.4%	2.1%	-1.6%	-2.3%
<i>O&D Enplanements</i>	18,163,460	6,614,189	12,049,806	17,223,566	15,885,221	17,505,490	1,620,269	10.2%	281,924	1.6%

Comparison 2023 Budget to 2019 Actuals

- 2023 Budget Taxi Revenue still -19% lower than 2019 Actuals
- 2023 Budget Expenses increased 9% over 2019 Actuals
- Net loss of (\$739k) expected in 2023 – while still not yet at breakeven, taxi performance improved significantly in 2022

Airport Dining & Retail Revenue (reduced by grants)

Revenue Summary <i>Org(s): Top Level, Class: 3650-Airport Dining and Retail</i>	2019	2020	2021	2022	2022	2023	Inc/(Dec) from 2022 Forecast		Inc/(Dec) from 2022 Budget	
	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
Operating Revenue										
Duty Free	2,501,441	1,841,659	547,746	2,643,248	2,141,481	2,491,138	349,657	16.3%	(152,110)	-5.8%
Food & Beverage	20,747,586	9,709,437	16,979,466	28,728,154	26,652,199	34,616,118	7,963,919	29.9%	5,887,964	20.5%
Retail	14,904,693	6,327,577	11,810,211	17,213,025	17,391,427	18,833,828	1,442,401	8.3%	1,620,803	9.4%
Services	2,721,172	1,718,841	2,060,277	2,129,019	3,186,137	3,771,731	585,594	18.4%	1,642,712	77.2%
Advertising	7,286,673	4,284,946	3,237,195	7,162,407	5,473,807	4,851,000	(622,807)	-11.4%	(2,311,407)	-32.3%
Space Rent & Other	764,427	1,237,662	682,186	1,069,221	1,054,108	695,622	(358,486)	-34.0%	(373,599)	-34.9%
Maint Service Fees	277,764	268,189	193,378	303,218	195,640	1,282,612	1,086,972	555.6%	979,394	323.0%
Total Operating Revenues	49,203,758	25,388,312	35,510,460	59,248,292	56,094,798	66,542,049	10,447,251	18.6%	7,293,757	12.3%
<i>Total Enplanements</i>	25,873,875	10,036,706	18,038,632	24,258,544	23,360,620	25,224,049	1,863,429	8.0%	965,506	4.0%
<i>International Enplanements</i>	2,857,964	663,765	818,151	1,854,953	2,199,147	2,565,061	365,914	16.6%	710,108	38.3%

- ADR Revenue is planned to be up \$9.4M, or 16.7%, from the 2022 Forecast.
- YoY, Total Enplanements are forecasted up 8% and International Enplanements are up 16.6%.
- 2023 includes a full year of Salty's / Brewtop Social restaurant, with a revenue ramp up period in the 1st half of the year.
- ADR will see impacts in 2023 related to several capital projects forecast to begin, including the Southwest Ticket Counters, Delta Lounge, NMTRP and the CCE Expansion Projects.
- *Note: 2021 Actuals reflect \$3.1M CRRSAA concessionaire grant reductions*

Airport Dining & Retail – Key Metrics

Revenue Summary <i>Org(s): Top Level, Class: 3650-Airport Dining and Retail</i>	2019	2020	2021	2022	2022	2023	Inc/(Dec) from 2022 Forecast		Inc/(Dec) from 2022 Budget	
	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
Sales per Enplanements (SPE)										
Duty Free	0.77	0.47	0.32	0.60	0.50	0.55	0.05	11.0%	-0.05	-8.8%
Food & Beverage	7.56	7.84	8.49	8.92	9.25	10.41	1.16	12.5%	1.50	16.8%
Retail	3.99	4.15	4.60	4.72	5.19	5.33	0.13	2.6%	0.61	12.8%
Services	0.80	0.49	0.27	0.43	0.61	0.63	0.02	3.9%	0.20	48.0%
Advertising	0.41	0.61	0.24	0.43	0.33	0.28	-0.06	-16.9%	-0.15	-35.7%
Total Sales per Enplanement	13.53	13.56	13.91	15.10	15.88	17.20	1.32	8.3%	2.10	13.9%
Revenue per Enplanements (SPE)										
Duty Free	0.10	0.18	0.03	0.11	0.09	0.10	0.01	7.7%	-0.01	-9.4%
Food & Beverage	0.80	0.97	0.94	1.18	1.14	1.37	0.23	20.3%	0.19	15.9%
Retail	0.58	0.63	0.65	0.71	0.74	0.75	0.00	0.3%	0.04	5.2%
Services	0.11	0.17	0.11	0.09	0.14	0.15	0.01	9.6%	0.06	70.4%
Advertising	0.28	0.43	0.18	0.30	0.23	0.19	-0.04	-17.9%	-0.10	-34.9%
Total Revenue per Enplanement	1.90	2.53	1.97	2.44	2.40	2.64	0.24	9.9%	0.20	8.0%
<i>Total Enplanements</i>	25,873,875	10,036,706	18,038,632	24,258,544	23,360,620	25,224,049	1,863,429	8.0%	965,506	4.0%
<i>International Enplanements</i>	2,857,964	663,765	818,151	1,854,953	2,199,147	2,565,061	365,914	16.6%	710,108	38.3%

- Sales per Enplanements are heavily impacted by high inflation / CPI, rising employee and supply costs, and labor challenges in this market.

Non-Aero Commercial Properties Revenue

Revenue Summary <i>Org(s): Top Level, Class: 3630-Non-Aero Commercial Properties</i>	2019	2020	2021	2022	2022	2023	Inc/(Dec) from 2022 Forecast		Inc/(Dec) from 2022 Budget	
	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
Operating Revenue										
Land Rental	4,658,486	5,266,932	5,208,418	5,470,769	5,205,197	5,572,421	367,224	7.1%	101,652	1.9%
Space Rental	463,780	942,353	836,151	758,508	1,050,584	999,418	(51,166)	-4.9%	240,910	31.8%
In-Flight Kitchen Revenue	10,053,122	3,989,866	5,988,951	8,689,367	9,318,888	10,549,281	1,230,393	13.2%	1,859,914	21.4%
Other Service Revenues	548,231	566,748	486,541	452,278	481,680	167,382	(314,298)	-65.3%	(284,896)	-63.0%
Operating Grant Revenues	49,188	0	0	0	0	0	0		0	
Total Operating Revenues	15,772,806	10,765,899	12,520,061	15,370,922	16,056,349	17,288,502	1,232,153	7.7%	1,917,580	12.5%
Total Enplanements	25,873,875	10,036,706	18,038,632	24,258,544	23,360,620	25,224,049	1,863,429	8.0%	965,506	4.0%
International Enplanements	2,857,964	663,765	818,151	1,854,953	2,199,147	2,565,061	365,914	16.6%	710,108	38.3%
Kitchen RPE - Total	0.39	0.40	0.33	0.36	0.40	0.42	0.02	4.8%	0.06	16.8%
Kitchen RPE - Int'l	3.52	6.01	7.32	4.68	4.24	4.11	-0.12	-2.9%	-0.57	-12.2%

- Land Rent up \$479k driven by new DMCBP-W Lease and DMCBP-N market rate adjustment increase.
- Space Rent down (\$51k) driven by AS Lease moving to Contractor Parking (no revenue).
- In-Flight Kitchen revenue continues to return with strong domestic and international enplanement growth.
- Other Revenues down (\$314k) as the 7-year repayment period of the pre-paid frontage fees is coming to an end. DMCBP Ph I ended mid-2022 and DMCBP Ph III will end mid-2023.

Non-Airline Terminal Leased Space Revenue

reduced by concessionaire grants

Revenue Summary	2019	2020	2021	2022	2022	2023	Inc/(Dec) from 2022 Forecast		Inc/(Dec) from 2022 Budget	
<i>Org(s): Top Level, Class: 3645-Non-AirlineTerminal Leased Spc</i>	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
Operating Revenue										
Maintenance Service Fees	238,445	9,688	7,720	25,044	7,008	20,635	13,627	194.4%	(4,409)	-17.6%
Space Rental	6,159,134	5,806,410	6,034,754	7,309,284	6,463,281	9,065,480	2,602,199	40.3%	1,756,196	24.0%
Other Service Revenues	543	137	162	0	0	0	0		0	
Total Operating Revenues	6,398,122	5,816,235	6,042,636	7,334,328	6,470,289	9,086,115	2,615,826	40.4%	1,751,787	23.9%
<i>Total Enplanements</i>	25,873,875	10,036,706	18,038,632	24,258,544	23,360,620	25,224,049	1,863,429	8.0%	965,506	4.0%
<i>International Enplanements</i>	2,857,964	663,765	818,151	1,854,953	2,199,147	2,565,061	365,914	16.6%	710,108	38.3%

- American Express Lounge is expected to open in late 2022, adding \$2.1m to Space Rent in 2023.
- AlClear continues to see steady sales and revenue growth. Expected 2023 performance is \$25M in sales and \$2.5M in rent to the Port, up \$0.1M YoY.
- Remaining net decrease of (\$0.1M) due to changes in the USGS leased space, removal of XpressCheck due to NMTP project, and other small space changes. Partially offset by annual CPI rate increases.
- Note: 2021 Actuals reflect CRRSAA \$0.1M concessionaire grant reductions*

Port-owned Clubs & Lounges Revenue & Expense

Revenue Summary <i>Org(s): 3690-Club International Lounge, Class: Top Level</i>	2019	2020	2021	2022	2022	2023	Inc/(Dec) from 2022 Forecast		Inc/(Dec) from 2022 Budget	
	Actual	Actual	Actual	Budget	Forecast	Proposed Budget	\$ Change	% Change	\$ Change	% Change
Clubs & Lounges Revenue	10,273,504	2,043,009	3,477,517	8,972,088	7,910,962	9,858,518	1,947,556	24.6%	886,430	9.9%
Clubs & Lounges Expenses										
Base Mgmt Fee	182,500	243,125	362,604	421,254	421,254	663,125	241,871	57.4%	241,871	57.4%
Incentive Mgmt Fee	242,544	330,576	0	182,043	183,300	416,816	233,516	127.4%	234,773	129.0%
Total Mgmt Fee	425,044	573,701	362,604	603,297	604,554	1,079,941	475,387	78.6%	476,644	79.0%
3rd Party Direct OpEx	3,331,316	1,024,695	1,348,806	3,344,721	2,609,930	3,853,090	1,243,160	47.6%	508,369	15.2%
B&O Tax	152,774	28,789	63,452	157,010	140,014	172,524	32,510	23.2%	15,514	9.9%
Other Expenses	1,794,176	2,155,140	1,234,748	0	0	0	0		0	
Clubs & Lounges Expenses	5,703,310	3,782,325	3,009,609	4,105,028	3,354,498	5,105,555	1,751,057	52.2%	1,000,527	24.4%
Income from Operations	4,570,194	-1,739,316	467,908	4,867,060	4,556,464	4,752,963	196,499	4.3%	(114,097)	-2.3%
<i>Total Enplanements</i>	<i>25,873,875</i>	<i>10,036,706</i>	<i>18,038,632</i>	<i>24,258,544</i>	<i>23,360,620</i>	<i>25,224,049</i>	<i>1,863,429</i>	<i>8.0%</i>	<i>965,506</i>	<i>4.0%</i>
<i>International Enplanements</i>	<i>2,857,964</i>	<i>663,765</i>	<i>818,151</i>	<i>1,854,953</i>	<i>2,199,147</i>	<i>2,565,061</i>	<i>365,914</i>	<i>16.6%</i>	<i>710,108</i>	<i>38.3%</i>

- Clubs & Lounge Income from Operations is increasing \$0.2M, or 4.3%, with Visits up 14%, Revenue up 25% and Expenses increasing 52%. SSAT's Expansion in 2022 adds additional revenue opportunities.
- The Management Fees are increasing driven by the larger SSAT Lounge, doubling the base management fee in that space, and the higher profits in 2022 driving a higher Incentive Management Fee in 2023.
- OpEx is up 48% YoY with additional visits, a larger SSAT space, and a focus on creating an elevated product.

FEDERAL RELIEF GRANT USE PLAN – ALLOCATION BY COST CENTER AND CAPITAL PROGRAM

Federal Relief Grants by Cost Center

SEA Federal Relief Grant Summary					
\$ in millions					
Grants Received:	2020	2021	Forecast 2022	Budget 2023	Total
CARES	\$192.1				\$192.1
CRRSAA		\$37.4			\$37.4
ARPA		\$154.4			\$154.4
Total (excluding Concessions grants)					\$383.9
Grants Applied					
Airfield Movement Area	\$32.3	\$21.8	\$16.7	\$0.0	\$70.8
Airfield Apron Area	\$7.7	\$7.3	\$11.4	\$0.0	\$26.4
Terminal Building **	\$22.4	\$8.0	\$22.7	\$0.0	\$53.2
Federal Inspection Services **	\$12.9	\$18.3	\$10.0	\$0.0	\$41.1
Baggage System	\$10.4	\$3.8	\$5.9	\$0.0	\$20.1
Gate Utilities	\$4.2	\$1.5	\$0.0	\$0.0	\$5.7
Others	\$4.3	\$0.8	\$2.1	\$0.0	\$7.2
Total Airline Benefits	94.3	61.5	68.8	0.0	224.6
Non-Airline Benefit **	52.9	33.5	63.0	9.9	149.4
Total Federal Funding Applied	\$147.1	\$95.1	\$131.7	\$9.9	\$373.9
Cumulative Remaining	\$45.0	\$141.7	\$9.9	\$0.0	\$0.0
Airline Benefit	64%	65%	52%	0%	60%
Non-Airline Benefit **	36%	35%	48%	100%	40%
Grant Usage					
Debt Service	\$103.9	\$91.7	\$107.3	\$9.9	\$302.9
O&M	\$43.3	\$3.4	\$24.4	\$0.0	\$71.1
** Grants are shown after allocations					
Concessions					
CRRSAA		5.4			5.4
ARPA			21.4		21.4
GRAND TOTAL: COVID RELIEF	\$147.1	\$100.4	\$153.2	\$9.9	\$400.7

ADF: Retaining Cash to Achieve Target

	2022 Fcst	2023 Budget	2024 Fcst	2025 Fcst	2026 Fcst	2027 Fcst
In \$000's						
Projected Beginning Cash Balance	\$ 341,400	\$ 498,145	\$ 599,704	\$ 681,913	\$ 775,581	\$ 800,851
Net Cashflow after debt service	193,370	169,391	178,558	184,565	183,708	193,864
Reimbursement by PFC	10,000	5,000	5,000	5,000	-	-
Use of cash:						
ADF retained to achieve target	156,745	101,559	82,209	93,667	25,271	34,557
Capital spending	(42,342)	(61,789)	(101,349)	(95,897)	(158,438)	(159,307)
Prior YE Settlement and reimbursement	(4,282)	(11,042)	-	-	-	-
Ending Cash Balance	\$ 498,145	\$ 599,704	\$ 681,913	\$ 775,581	\$ 800,851	\$ 835,409
ADF Target - months of O&M	14	15	16	18	18	18
ADF Target	464,000	575,596	656,080	757,384	782,477	810,174
ADF balance > Target	34,145	24,108	25,833	18,197	18,374	25,235

Capital Program Overview

	(in \$000s)	Cash Flows (Figures in \$000s)						% of 5 year Cashflows
	Capital Budget	2023	2024	2025	2026	2027	2023 - 27 TOTAL	
Mega Projects (budget over \$300M budget)								
S Concourse Evolution	1,370,000	5,575	57,175	189,500	211,000	211,000	674,250	
Baggage Optimization	954,134	131,600	173,900	141,150	121,150	23,760	591,560	
Main Terminal Improvement	800,000	4,248	12,390	12,343	66,457	104,527	199,965	
SEA Gateway	400,000	152,567	91,995	58,904	54,067	9,872	367,405	
C Concourse Expansion	316,276	31,996	94,904	106,469	60,982	5,620	299,971	
International Arrivals Facility	948,789	11,479	-	-	-	-	11,479	
NSAT	670,880	979	-	-	-	-	979	
Subtotal - Mega Projects		338,444	430,364	508,366	513,656	354,779	2,145,609	46%
Projects with \$100M to 300M budget								
SAMP Planning	300,000	6,650	17,946	27,250	55,000	51,500	158,346	
Sound Insulation Program	295,716	18,949	30,779	42,757	29,789	3,208	125,482	
Conc HVAC renewal & replace	255,000	633	3,241	4,752	4,902	38,889	52,417	
Utility Master Plan Allowance	222,868	-	10,000	30,000	61,000	97,000	198,000	
Airfield Infra & Security	199,988	231	2,484	9,858	43,708	88,659	144,940	
2021-25 AFLD Pvmnt&Spprt Infr	152,940	30,470	40,166	24,182	6,259	-	101,077	
IWTP Program	127,000	2,164	15,656	31,534	40,532	35,121	125,007	
Concourse A Lounge Expansion	104,950	46,110	45,730	4,083	-	-	95,923	
Subtotal - Projects \$100M to \$200M budget		105,207	166,002	174,416	241,190	314,377	1,001,192	22%

Capital Program Overview (continued)

	(in \$000s)	Cash Flows (Figures in \$000s)						% of 5 year Cashflows
	Capital Budget	2023	2024	2025	2026	2027	2023 - 27 TOTAL	
Projects with \$20M to 100M budget								
MT Low Voltage Sys Upgrade	86,760	24,425	25,983	19,892	-	-	70,300	
Widen Arrivals Roadway	78,800	4,563	29,558	28,202	1,845	1,198	65,366	
Cargo 161D, 165A, and 161F Ren	78,213	38	1,279	3,986	19,500	29,803	54,606	
Upgrades STS Train Control	75,240	28,422	17,173	17,053	1,965	-	64,613	
Post IAF Airline Realignment	69,000	18,948	23,294	17,286	6,675	-	66,203	
Restroom Upgrades Conc B, C, D	61,651	12,990	5,600	10,206	-	-	28,796	
Parking Garage Rehabilitation	55,709	-	441	2,272	4,002	11,778	18,493	
AF Utility Improvements	46,200	7,131	14,559	17,436	5,921	-	45,047	
Checkpoint 1 Relocation	40,000	18,781	11,006	296	-	-	30,083	
Taxiway A Circuit Replacement	39,500	2,404	6,683	26,986	3,393	-	39,466	
SSAT Infrastructure HVAC	39,144	2,265	-	-	-	-	2,265	
N. Terminals Utilities Upgrade	38,891	6,111	7,000	5,190	-	-	18,301	
GSE Electrical Chrg Stations	37,873	5,389	1,034	-	-	-	6,423	
Utility Meter Networking	35,525	1,819	3,517	8,383	12,750	8,867	35,336	
Concourse A Duty Free	33,366	1,188	4,028	14,321	11,104	2,271	32,912	
Perimeter Intrusion Detect Sys	28,500	20,978	3,021	-	-	-	23,999	
Concourse Low Voltage Upgrades	28,350	5,278	9,548	10,613	2,137	-	27,576	
Art Pool	27,524	5,250	5,850	6,800	5,300	537	23,737	
2022 Eastside Firestation	25,000	2,155	9,081	9,692	3,594	-	24,522	
PLB Renew and Replace 2022	24,800	259	2,710	7,913	7,922	5,944	24,748	
South188th Tunnel Lighting	24,500	4,730	12,805	6,046	-	-	23,581	
Port Shared-Lounge Conc A	23,951	11,747	8,416	2,492	-	-	22,655	
Telecommunication Meet Me Room	21,349	7,045	9,596	3,518	106	-	20,265	
Terminal Security Enhancements	21,242	7,966	2,535	-	-	-	10,501	
Parking Garage Elevators Moder	20,990	4,267	4,569	2,864	-	-	11,700	
Parking Revenue Infrastructure	20,934	4,796	1,110	-	-	-	5,906	
Subtotal - Projects with \$20M to 100M budget		208,945	220,396	221,447	86,214	60,398	797,400	17%
Other Capital Projects less than \$20M budget		132,040	109,085	124,497	55,665	20,110	441,397	9%
CIP Reserves	3,321,031	-	19,000	25,000	70,000	149,000	263,000	6%
CIP Cashflow Adj Reserve		(120,759)	72,455	48,304	-	-	-	0%
Total Proposed CIP		663,877	1,017,302	1,102,030	966,725	898,664	4,648,598	100%