

Seattle-Tacoma International Airport

Competition Plan Update #3, Updated for new airline lease agreement

May 22, 2026

OVERVIEW

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

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

The Port submitted the second update to this competition plan on May 14, 2018. It was approved by the FAA on July 31, 2018.

The Port and Airlines just concluded negotiations for a replacement to the 2018-2024 Signatory Lease and Operating Agreement, as amended (“SLOA IV”), which expired December 31, 2024, with a new 2025-2034 Signatory Lease and Operating Agreement (“SLOA V”). To provide sufficient time for review and approval by the Airlines, SLOA IV was put into holdover. A sufficient number of Airlines executed SLOA V to move from SLOA IV to SLOA V on May 1, 2025.

The Port understands that in order to satisfy the FAA’s competition plan update requirements, the Port must (1) include a copy of SLOA V with a written description of the changes from the current agreement; (2) identify any recommendations made by the FAA to the previous competition plan update and describe how SLOA V addresses that recommendation or achieves the same result as that recommended by the FAA; (3) respond to questions raised by the FAA in connection with previous competition plan approvals; and (4) make this competition plan update publicly available on the Port’s website in accordance with 49 U.S.C. § 47107(a)(15). These are addressed below.

COMPETITION PLAN UPDATE #3

a. Changes from Last FAA Approval

SLOA V, a ten-year agreement, includes several changes to SLOA IV. The substantive changes are highlighted in the table below:

Provision	SLOA IV (2018 – 2022), amended to extend through 12/31/2024	SLOA V (2025 – 2034)
Term	7 Years, including amendment executed in 2023	10 Years
Definition of a gate	Distinction and weighting difference between a passenger loading bridge gate (1.0) and a ground boarded gate (0.5)	No change
Mix of Common Use Gates and Preferential Use Gates	2019: 16 2020: 18 2021: 18 2022: 21 2023: Pref carriers allocated 67 gates; remainder retained for Common Use	67 Preferential Use Gates, subject to recapture and conversion to additional Common Use Gates; remainder retained for Common Use
Gate Allocations and Port Recapture Rights	Annual reallocations based on a minimum threshold of 6.0x average daily weighted turns and then pro-rate allocations based on 6 months of actual (February – July) and 3 months of forecast (August - October).	Annual reallocation replaced with a minimum use/recapture system that balances flexibility needed by the Port for construction with operational consistency for the Airlines. Airlines assigned Preferential Use Gates must meet Minimum Use Requirement (average of 6 daily weighted turns over their assigned preferential use gates between Feb 1 and Oct 31 of the prior year) to retain allocation of gate for preferential use. If the Airline does not meet the MUR, the Port has an expedited process to recapture the gate. Recaptured gates will be retained by the Port for Common Use, which increases the Port’s ability to expand Common Use Gates over the caps in SLOA IV.
Majority- In- Interest (MII) Capital Approval	Airlines had the right of MII review and disapproval for projects with at least \$10.0 million in airline rate base costs. Disapproved project deferred for 6 months.	Airline MII rights eliminated and replaced with a collaborative review process for large projects (generally, projects in excess of \$300M, or with substantial operational impacts). Airlines have no voting rights and the Airport Director retains final say on what the project includes, and how it is constructed.

Revenue Sharing	None	None
Cruise baggage	Include 50% of cost for baggage handling from ship to airport in rate base for Bag Makeup.	No change
Signatory status	Regularly scheduled service	No change
Debt service coverage	Included in airline rate bases if overall airport debt service coverage falls below 1.25 times	Same, except if debt service coverage is triggered, the Port will credit Airlines in future years if airport revenues exceed coverage requirements.
Insurance	\$500M aviation liability per occurrence; \$10M commercial general liability per occurrence.	Increase to \$750M for passenger aircraft with 150+ seats, otherwise, no change.
Security Deposit/ Security Fund	No surety required for carriers operating in good financial standing at the Airport for at least 24 months.	No change
Airport Employee Parking Stabilization	None	Airport acquired, through lease, three parking lots to expand employee parking that are primarily used by airline employees. Lease payments for these lots, plus \$26.8M, will not be recovered through Airline Rate Bases between 2025 and 2030, which provides a cost reduction benefit to all airlines.

From a competition plan perspective, the changes in SLOA V preserve and enhance the Port’s ability to provide competitive access at SEA. First, SLOA V eliminates MII review and voting rights. This will allow the Port to move forward with projects with greater certainty over scope and timing, while also providing Signatory Airlines with the opportunity to provide meaningful input on project design and implementation. With respect to gates, the new gate recapture provisions provide the Port with a mechanism to recapture underutilized gates and place them in the Common Use Pool, which is an improvement over the static allocation of Preferential Use Gates under SLOA IV. The elimination of the annual allocation in favor of a minimum utilization and recapture process also allows the Port to fairly balance concerns over the impact of construction on gate assignment and use. SLOA V combines the new process with new rights that allow the Port to move gate assignments around the airport to accommodate construction. This will give the Port the flexibility it needs to construct new gates that will enhance access and competition at the airport, while still maintaining sufficient common use facilities and giving the Signatory Airlines operational consistency. SLOA V also retains the Port’s strong ability to schedule flights on Preferential Use Gates during times where those gates are not being utilized. As a result, the SLOA V changes will maintain the highest possible gate utilization, while making sure that

the Port has sufficient control to accommodate existing carriers and potential new entrants at common use gates.

b. Assessment of FAA Recommendations in Last Update

The FAA’s review of the last competition plan update in 2018 contained only one recommendation: to implement a dispute resolution process. After reviewing the terms of SLOA V (and the similarity to SLOA III/IV, during which there were no disputes), and after reflecting on the Port’s success in attracting and accommodating new entrants over the past few years, the Port concluded that adding a dispute resolution process to SLOA V was not necessary.

The Port believes that the terms of SLOA V allow the Port to effectively handle potential disputes among signatory carriers. In particular, SLOA V contains clear rules for assignment, retention and recapture of Preferential Use Gates and retains the protocols that are used to assign flights to Common Use Gates. In addition, under SLOA V, the Port retains strong secondary user rights on Preferential Use Gates in the event common use capacity is exhausted. We have also constructed a Hardstand Terminal on behind Concourse D that supports up to six concurrent hardstand operations, and we can support 4-5 additional concurrent hardstand operations from Concourses A, B, and S (collectively).

SLOA V does provide the Port with flexibility to accommodate new entrants. For example, the Port does have the right to recapture underutilized exclusive and preferential premises to accommodate a request for space (SLOA V, Articles 5.2 – 5.4), and

For potential disputes arising from a potential new entrant that is not yet a signatory airline, having a dispute resolution process within SLOA V would not be applicable to a non-signatory airline. The Port continues to periodically reassess whether it would be helpful to add a dispute resolution process to the Airport Rules and Regulations, but has not yet incorporated such a provision.

c. Responses to FAA Questions from Last Update

See above.

d. Public Availability

The Airport’s competition plan, including updates, as well as the FAA approval letters for each, are posted on the Port of Seattle web site at the following address:

<https://www.portseattle.org/page/airport-financial-information>

Or, after accessing the Port of Seattle web site (<https://www.portseattle.org>), click on “About” then “Finance” then “SEA Airport Financial Information.”