Port of Seattle

Item No. 7a attach 4
Meeting Date: October 24, 2017

Attachment 4: Transfer of Airport Property to EDD

Additional details:

If the property is currently generating revenues, these revenues factor into the calculation of revenue sharing (50%) and serve to reduce passenger airline cost per enplaned passenger (CPE). Eliminating this revenue source for the airport would thus increase CPE.

Proceeds from the sale would be in the form of a cash transfer to the Airport Development Fund. This will then provide additional cash to fund future capital improvements at the airport. Cash funded assets are amortized and charged to the airline rate base so that the impact is essentially the same as if the asset was debt funded. Thus, CPE would be the same.

If the property was noise property funded (in part) with FAA noise grants, then the share of proceeds from the sale equivalent to the original grant funded share of the property when it was acquired, would be treated as grant money for purposes of reinvestment. Among other conditions, this means the capital costs of new assets funded with this money would be excluded from the airline rate base. In this case, there would be a CPE benefit.

In summary, while the airport benefits from having more cash to fund capital improvements, the impact on CPE is not as clear. If the property generates income, the net effect is likely an overall increase in CPE due to reduced revenue sharing. This could be offset to some extent if the reinvested money is treated as grant money.