

2019 Operating Division Preliminary Budgets

Commission Briefing

October 9, 2018



2019 Operating Divisions' Budget Timeline

2019 Business
Plan and CIP
Development

(May/June)

Budget
Development
Briefing

(June)

Budget
Briefing

(October 9th)

First Reading &
Public Hearing
for 2019 Budget

(Mid-November)

2nd Reading &
Final Passage of
2019 Budget

(Late November)

Will cover operating budget and capital budget

Aviation Division 2019 Preliminary Budget

October 9, 2018



Outline for Aviation presentation

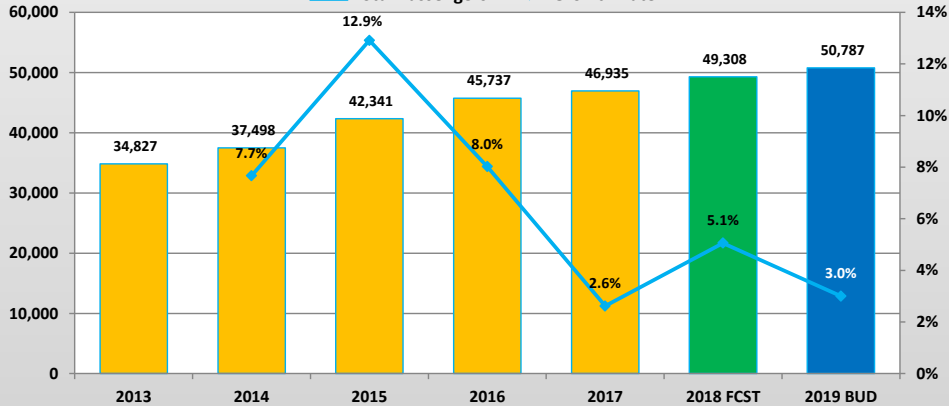
- Overview, drivers, summary
- Activity forecast: passengers
- FTEs
- Operating expenses
- Non-aeronautical business
- Aeronautical business, CPE
- Capital Budget
- Financial Forecast
- Appendix

Will cover operating budget and capital budget

Context: Passenger Growth and Capital Program

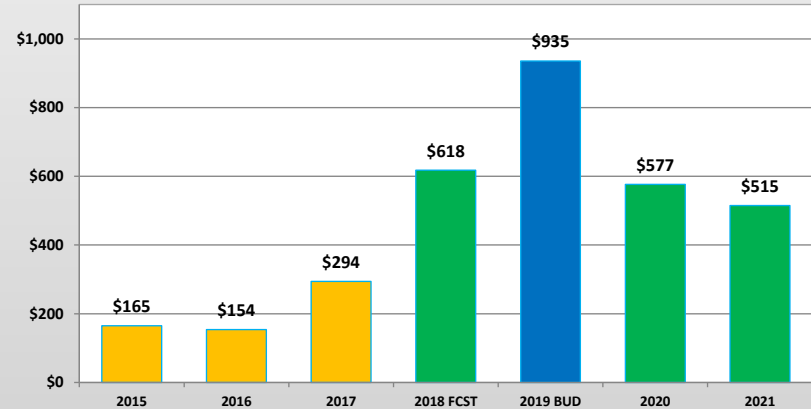
Total Passengers (000s)

■ Total Passengers ▲ Growth Rate



Capital Spending (\$M)

■ 2015 ■ 2016 ■ 2017 ■ 2018 FCST ■ 2019 BUD ■ 2020 ■ 2021



- Passenger Growth:
 - Up 46% since 2013
 - CAGR of 6.5%
- Anticipate 50.8 million annual passengers (MAP) in 2019 vs. 34.8 MAP in 2013

- Major projects now under construction:
 - NSAT, IAF, Baggage Optimization
 - Customer service challenges
 - Construction reduces gate capacity
- Need to plan for next phase

Catching up from passenger growth; Peak spending on capital program

Century Agenda Drives Airport Priorities

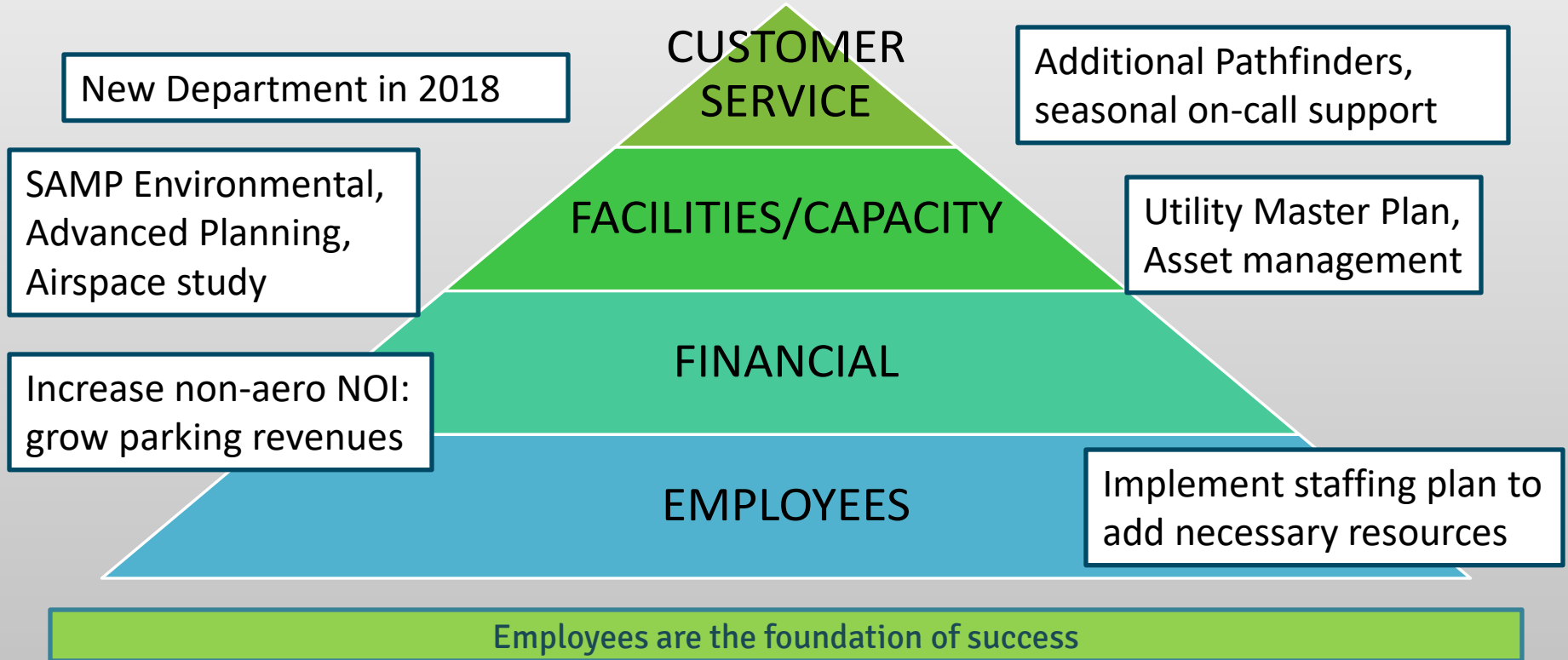
AV Priorities	Century Agenda - High Performance Organization
Employees	HPO 2: Eliminate workplace injuries HPO 3: Act as one Port HPO 4: Foster employee development and leverage talent
Customer Service	HPO 1: Increase customer satisfaction CA 2 Obj 6: Make Sea-Tac "Gateway of Choice"
Facilities/Capacity	CA 2 Obj 8: Meet the regions air transportation needs
Financial	CA 2 Obj 8: Meet the regions air transportation needs
Safety	HPO 2: Eliminate workplace injuries HPO 3: Public safety and Security
Security	HPO 3: Public safety and Security
Community	HPO 1: Customer Service and Public Engagement
Diversity	CA 3: Promote small business HPO 4: Model for Workplace Equity, Diversity and Inclusion
Sustainability	CA 4: Be the greenest and most energy efficient Port
Partners	HPO 1: Improve customer service and public engagement

Customer Service & Facility Efficiency Goals:

- Airport roadway entry through security check point: **45 min.**
- Maximum wait time at security checkpoints: **20 min.**
- Minimum connect time: **75 min.**

2019 budget reflects Century Agenda objectives and Aviation Priorities

Key Priorities Drive 2019 Budget



2018 Update

- 2018 Activity
 - 2018 Passenger growth forecasted at 5%, YTD activity currently outpacing forecast
- Expenses:
 - Completed SAMP, moved to Environmental Review
 - Expenses overall tracking close to budget, many unplanned items are being accommodated in budget through savings/deferrals
- Non-Aero revenues:
 - Airport Dining & Retail lease transitions continue on schedule, gross sales from majority of new units are outperforming initial lease projections
 - Growth in parking
 - Continuing deterioration in rental car transactions
 - Ground transportation: TNCs continue to grow
 - Expect to exceed NOI target

2019 Budget builds on 2018 Forecast

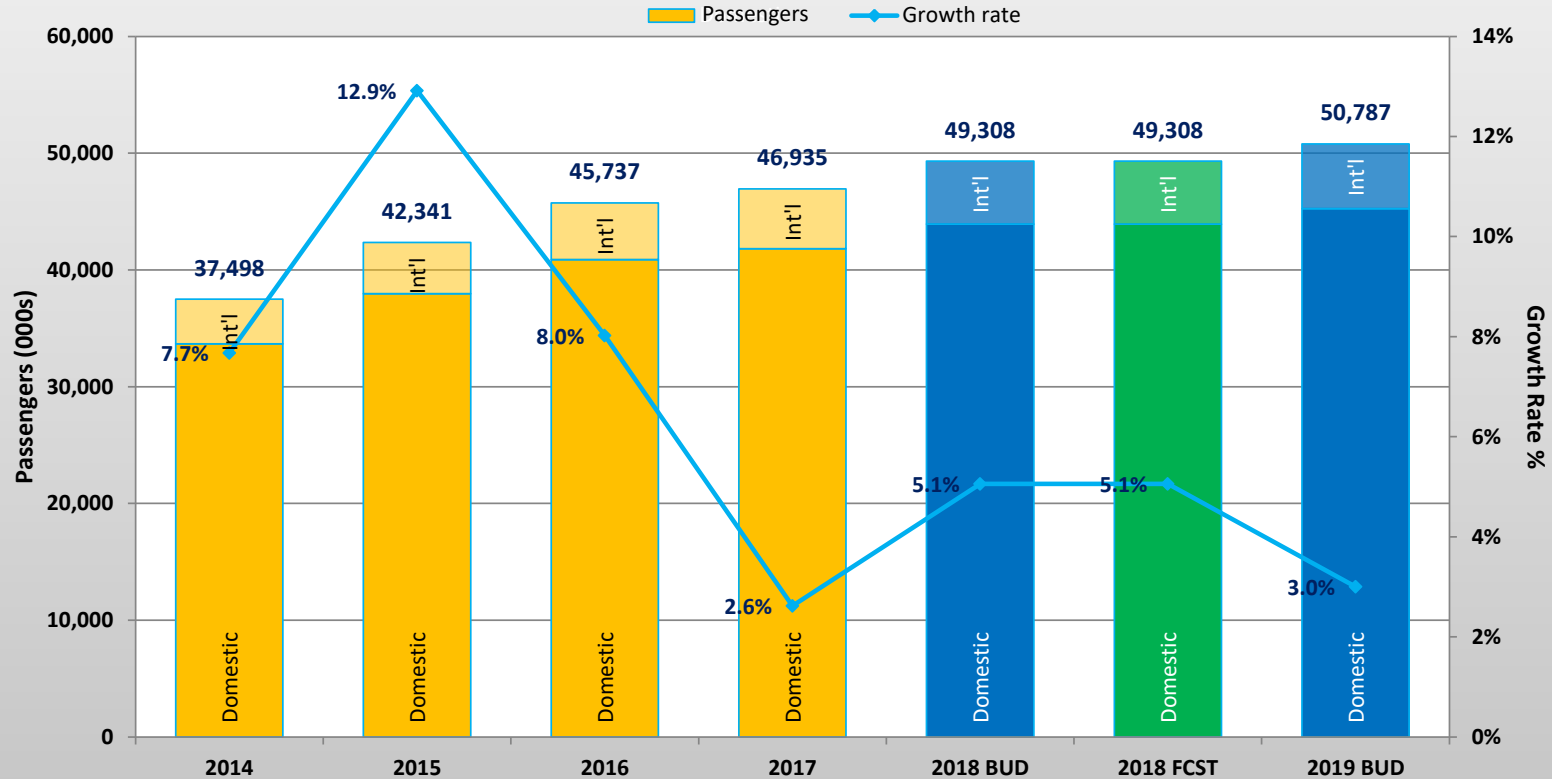
Budget Summary

\$ in 000's	2016	2017	2018	2018	2019	Budget Change		Budget vs Forecast	
	Actual	Actual	Budget	Forecast	Budget	\$	%	\$	%
Operating Revenues:									
Aeronautical Revenues	244,235	264,114	301,082	305,005	366,862	65,780	21.8%	61,857	20.3%
Non-Aeronautical Revenues	221,021	236,803	244,786	250,728	257,461	12,675	5.2%	6,733	2.7%
Total Operating Revenues	465,256	500,916	545,867	555,733	624,323	78,455	14.4%	68,590	12.3%
Total Operating Expenses	261,226	299,114	334,856	333,374	367,092	32,236	9.6%	33,719	10.1%
Net Operating Income	204,030	201,802	211,011	222,359	257,231	46,219	21.9%	34,872	15.7%
CPE	10.10	10.52	11.35	11.52	13.43	2.08	18.3%	1.92	16.6%
Non-Aero NOI	128,727	133,101	126,861	134,164	134,178	7,317	5.8%	14	0.0%
Enplaned passengers (000s)	22,796	23,416	24,654	24,654	25,394	740	3.0%	740	3.0%

- Expense increase driven by new requests of \$28.6 million (\$6.5M baseline, \$22.1M non-recurring) and \$14M for Environmental Remediation Liability expense.
- Non-aero NOI impacted by significant non-recurring expenses

Strong growth in Net Operating Income; CPE growing as expected

Airport Activity: Passengers



Growth rate declining, but passenger growth continues

Implementing 2017 ICF Staffing Study Recommendations

FTE Budget	FTE's Approved	FTE's Proposed	ICF Recomm.	ICF Recomm.	Total
Aviation Division Only	2018	2019	2020	2021	2018-2021
Beginning Balance	983.16	1,048.41	1102.28	1149.16	
New Additions:					
Permanent FTE's	56.00	40.12	46.88	0.00	143.00
Temporary FTE's to Address Specific Areas:					
Limited Duration Hires	0.00	5.00	0.00	0.00	5.00
Emergency Hires	0.00	8.00	0.00	0.00	8.00
Interns	1.25	0.75	0.00	0.00	2.00
Total New Additions	57.25	53.87	46.88	0.00	158.00
Total Budget FTE's	1,040.41	1,102.28	1,149.16	1,149.16	
Mid-Year Adds:					
Permanent FTE	1.00				
Limited Duration Hires	7.00				
Total Adjusted Baseline	1,048.41	1,102.28	1,149.16	1,149.16	
ICF Recommended Adds:	59.00	42.00	43.00	0.00	144.00
Added Permanent FTE's	-57.00	-40.12	-46.88	0.00	-144.00
Under/(Over) ICF Recommendations	2.00	1.88	-3.88	0.00	0.00
Cumulative Under/(Over)	2.00	3.88	0.00	0.00	0.00

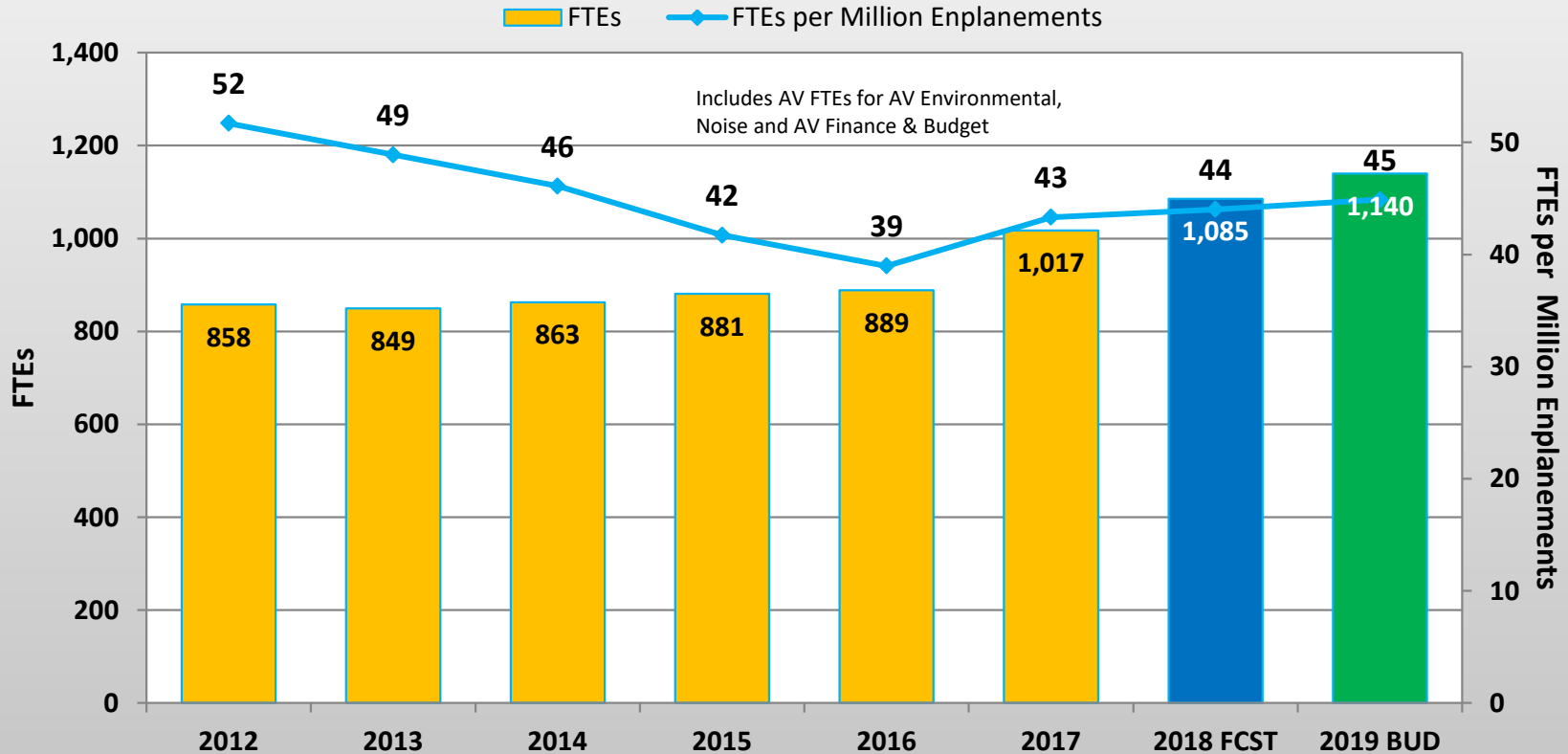
2019 Budget reflects fewer permanent FTEs than recommended

New FTE – Position List

2019 Proposed Budget FTEs	FTEs	2019 Proposed Budget FTEs (cont'd)	FTEs
Limited Duration FTE's	5.00	Facilities & Infrastructure FTE's	2.00
ORAT positions (LTD)	4.00	Senior Engineer, Civil	1.00
Rodent Control Specialist (LTD)	1.00	Signage Graphics Specialist	1.00
Emergency Hire FTE's	8.00	Customer Service FTE's	6.00
Pathfinders (EH)	8.00	Volunteer Coordinator	1.00
Landside FTE's	3.00	Pathfinders	4.00
Landside Supervisor	1.00	Customer Communications Specialist	1.00
Employee Parking Bus Driver	1.00	Maintenance FTE's	13.00
Public Parking Cashier	1.00	AVM Asset Management Analyst	1.00
Commercial Management FTE's	3.12	Bus-Automotive Mechanic	1.00
Property Manager	1.00	Field Crew Garage	1.00
ADR Business Manager-Small Business Initia	1.00	Electronic Technicians	2.00
Public Parking Yield Management Analyst	1.00	Wireman for Utility Metering	2.00
On-call Mail Messenger	0.12	Boiler Room Position	1.00
Airport Operations FTE's	1.00	Boiler Room Capital Position	1.00
Airport Duty Manager - Airfield	1.00	Conveyor	1.00
Terminal Operations FTE's	3.00	Passenger Loading Bridge Position	2.00
SMS Specialist	1.00	Custodial Shift Supervisor/QA Technican	1.00
Airline Scheduling Coordinator	1.00	Fire Department FTE's	9.00
Terminal Development Project Manager	1.00	Firefighters	8.00
		Admin Assistant	1.00
		New Intern FTE's - College/Graduate	0.75
<i>(continued)</i>		2019 Proposed New FTEs:	53.87

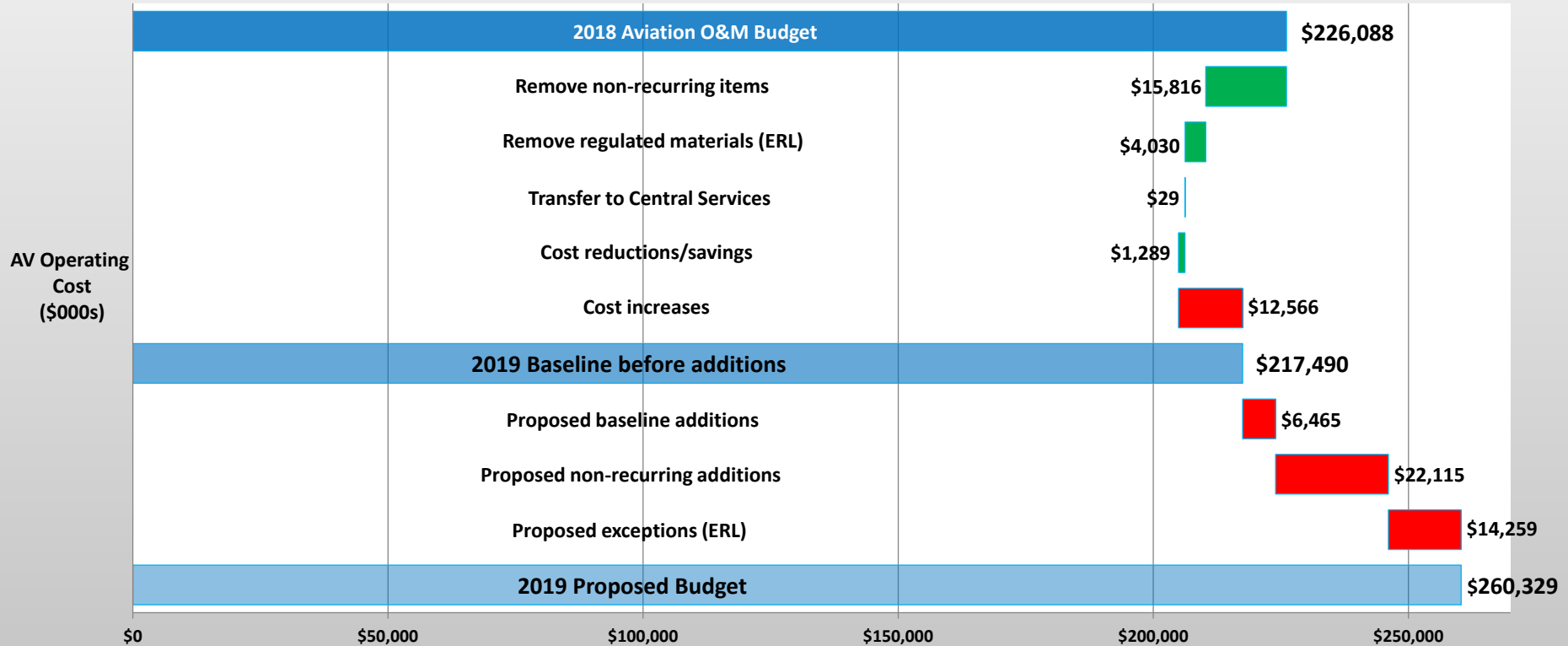
Strategic use of limited duration and seasonal FTEs to supplement ICF staffing recommendations

FTE Growth Relative to Enplanement Growth



2019 FTE Growth Rate is slightly higher than Enplanement Growth Rate

Aviation Operating Expenses



Baseline expense increase targets core operations, Non-recurring expenses driven by strategic initiatives

Cost Reductions

2019 Baseline Cost Reductions/Savings:	\$000's
<u>Contractual Savings & Formulaic Cost Decreases</u>	
Higher estimated Charges to Capital (offsets higher payroll)	362
Total Contractual & Formulaic Decreases	362
<u>Non-Payroll Savings (zero based budgeting)</u>	
ACDBE Disparity Study (non-recurring activity in 2018)	300
Eastside Remote Bag Checking feasibility study	200
AMAC conference - hosted in Seattle in 2018	200
Other non-payroll savings (zero based budgeting)	227
Additional Non-Payroll Savings	927
Total 2019 Baseline Cost Reductions	1,289

Cost reductions identified during thorough review of baseline costs

Cost Increases

2019 Baseline Cost Increases:	\$000's
<u>Payroll Increases (before new FTE requests)</u>	
Non-Represented payroll & benefits increase (3.8% average)	1,518
Represented pay & benefits increase (per labor agreements)	2,181
Annualized new FTE's approved in 2018 Budget	1,613
Annualized new FTE's approved during 2018	715
All other increases to baseline payroll	317
Total Baseline Payroll Increases	6,345
<u>Non-Aero costs related to revenue growth</u>	
Clubs & Lounges - higher demand/increased volume	1,012
Advertising increase (100% paid by Tenant Mktg fund)	67
Non-Aero B&O tax increase	132
Total Non-Aero Cost Increases	1,211
Total Contractual & Formulaic Cost Increases - detail next page	5,010
Total 2019 Baseline Cost Increases	12,566

Payroll for existing staff is largest component of Baseline increase

Continued - Cost Increases

2019 Baseline Cost Increases - continued:		\$000's
<u>Contractual & Formulaic Cost Increases - detail</u>		
Utility rate & commodity cost increase	2,572	
Taxi curbside management contract now paid by Port (SP+)	1,261	
Increase in Worker's Compensation expense	583	
All other contract increases	413	
Aeronautical B&O tax increase	144	
Other Non-Payroll Increases (zero based budgeting)	37	
Total Contractual & Formulaic Increases		5,010
Total 2019 Baseline Cost Increases		12,566

Utility costs and taxi curbside management are primary drivers for contractual increases

Summary of Budget Requests

Budget Request Category	# of Requests	2019 Budget Requests			
		FTEs	Baseline	Non-Recurring	Total
Employees	11	2.4	\$ 123,624	\$ 67,458	\$ 191,082
Customer Service	37	18.0	1,227,680	4,007,816	5,235,496
Facilities/Capacity	51	19.0	1,989,615	14,580,629	16,570,244
Financial	8	2.0	842,195	165,000	1,007,195
Safety	10	10.0	1,513,261	732,800	2,246,061
Community	2	-	77,000	-	77,000
Diversity	3	1.0	77,346	202,500	279,846
Sustainability	13	-	110,000	985,000	1,095,000
Partners	12	2.0	503,959	1,373,459	1,877,419
2019 Budget Requests - Total Proposed	147	54.4	\$ 6,464,681	\$ 22,114,662	\$ 28,579,343
2019 Budget Requests - Initial Requests	194	54.4	\$ 17,257,937	\$ 25,549,151	\$ 42,807,088

Century Agenda and Airport Priorities drive 2019 Budget Requests

Highlights of Budget Requests

2019 Budget Request Highlights:

	\$000's
Advance Planning/On-call Planning support	4,650
Seasonal Customer Service Staff	2,500
Master Planning - Infrastructure Systems	2,000
Executive Program Management consulting support	1,620
SAMP/Environmental Review/Planning	1,600
Additional Firefighter (8) FTEs - staffing 2nd Care Car	1,307
Air Service Development - existing routes and anticipated new service	1,100
Airfield-Airspace study	1,000
Asset Management program	1,000
Integrated Pest Management scope increase	800
ORAT (4) limited duration FTEs & other new department costs	284
All other new staffing - (42.37) FTEs	<u>2,524</u>
Subtotal - 2019 Budget Request Highlights:	20,385

These requests account for 71% of \$28.6 million of total requests

Most budget requests are for non-recurring expenditures

Environmental Remediation Liability Expense

Environmental Remediation Liability Expense (ERL) <i>Org Basis (in 000's)</i>	2015	2016	2017	2018	2018	2019	Budget Change		Budget vs. Forecast	
	Actual	Actual	Actual	Budget	Forecast	Budget	\$	%	\$	%
North Satellite										
Asbestos	419	266	1,341		1,029	5,630	5,630	n/a	4,601	447.1%
Contaminated Soils			1,935			2,917	2,917	n/a	2,917	n/a
NSAT - ERL Expense	419	266	3,276	-	1,029	8,546	8,546	n/a	7,517	730.6%
SSAT - HVAC Infrastructure Upgrade										
Asbestos				1,290	-	4,323	3,033	235.1%	4,323	n/a
SSAT - ERL Expense	-	-	-	1,290	-	4,323	3,033	235.1%	4,323	n/a
International Arrivals Facility										
Asbestos			63	800	452	885	85	10.6%	433	95.8%
Contaminated Soils			5,201		1,535	-	-	n/a	(1,535)	-100.0%
IAF - ERL Expense	-	-	5,264	800	1,987	885	85	10.6%	(1,102)	-55.5%
Lora Lake (lake parcel)	1,726						-	n/a	-	n/a
All other RMM expense	2,077	4,197	271	1,940	1,835	505	(1,435)	-74.0%	(1,330)	-72.5%
Total ERL Expense	4,222	4,463	8,812	4,030	4,851	14,259	10,229	253.8%	9,408	193.9%

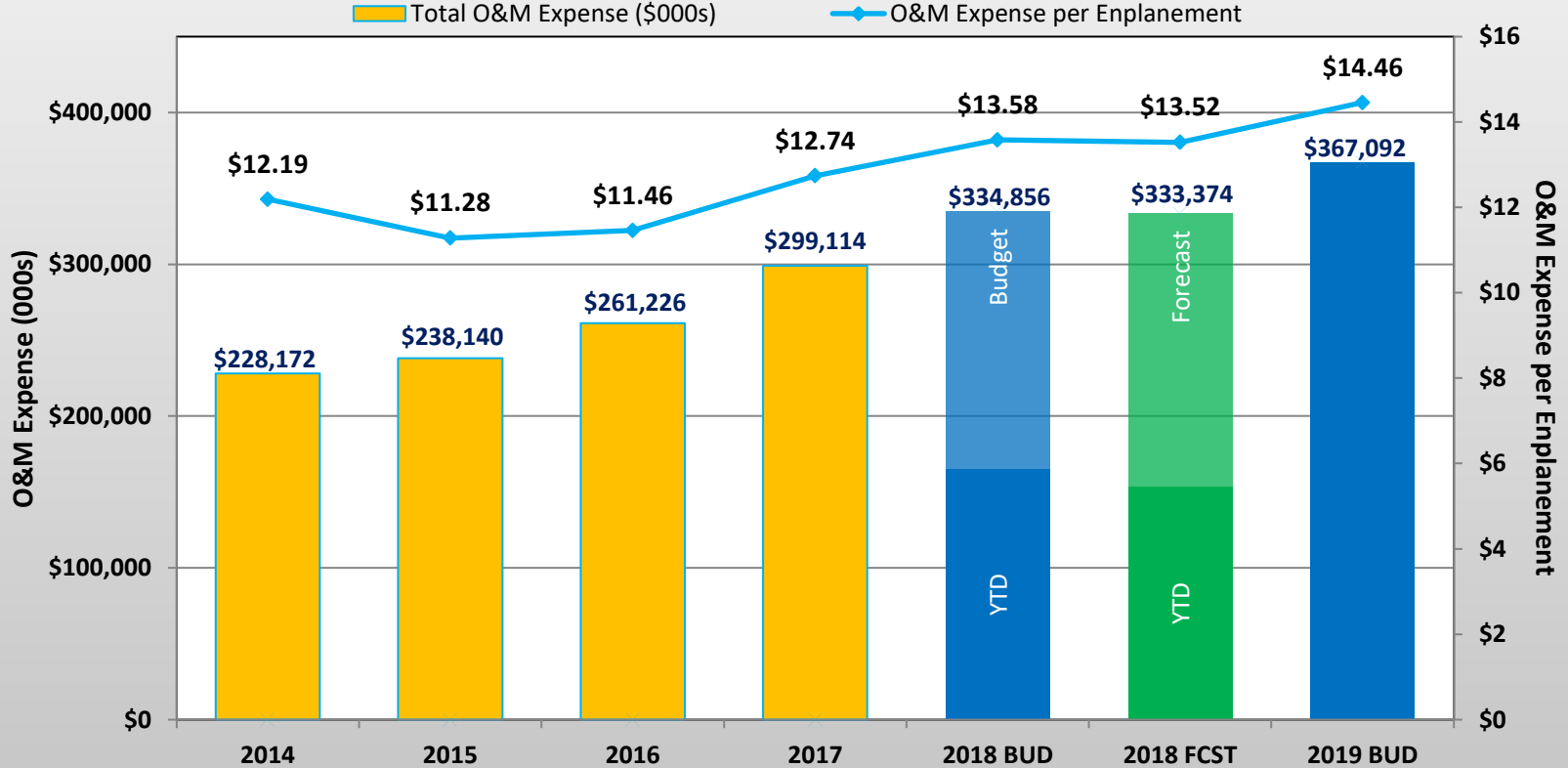
Expense increase driven by NSAT and SSAT projects

Total Airport Expense Summary

\$ in 000's	2016	2017	2018	2018	2019	Budget Change		Budget vs Forecast	
	Actual	Actual	Budget	Forecast	Budget	\$	%	\$	%
Operating Expenses:									
Payroll	101,879	114,463	132,156	130,809	142,926	10,770	8.1%	12,117	9.3%
Outside Services	37,863	41,055	52,532	55,002	60,950	8,417	16.0%	5,948	10.8%
Utilities	14,690	16,374	17,320	17,927	19,994	2,674	15.4%	2,067	11.5%
Other Airport Expenses	20,655	28,292	19,776	21,940	22,482	2,707	13.7%	542	2.5%
Total Airport Direct Charges	175,087	200,184	221,784	225,677	246,352	24,568	11.1%	20,674	9.2%
Environmental Remediation Liability	4,463	8,812	4,030	4,851	14,259	10,229	253.8%	9,408	193.9%
Capital to Expense	129	2,856	-	367	-	-	NA	(367)	-100.0%
Total Exceptions	4,592	11,668	4,030	5,218	14,259	10,229	253.8%	9,041	173.3%
Total Airport Expenses	179,679	211,852	225,814	230,896	260,611	34,797	15.4%	29,716	12.9%
Police Costs	18,183	17,652	22,174	22,174	25,137	2,963	13.4%	2,963	13.4%
Capital Development	9,319	14,701	23,092	17,936	16,242	(6,850)	-29.7%	(1,694)	-9.4%
Other Central Services	50,099	51,004	58,265	57,032	59,956	1,692	2.9%	2,924	5.1%
Maritime/Economic Development	3,946	3,904	5,511	5,336	5,145	(366)	-6.6%	(191)	-3.6%
Total Charges from Other Divisions	81,547	87,262	109,042	102,478	106,481	(2,561)	-2.3%	4,003	3.9%
Total Operating Expense	261,226	299,114	334,856	333,374	367,092	32,236	9.6%	33,719	10.1%

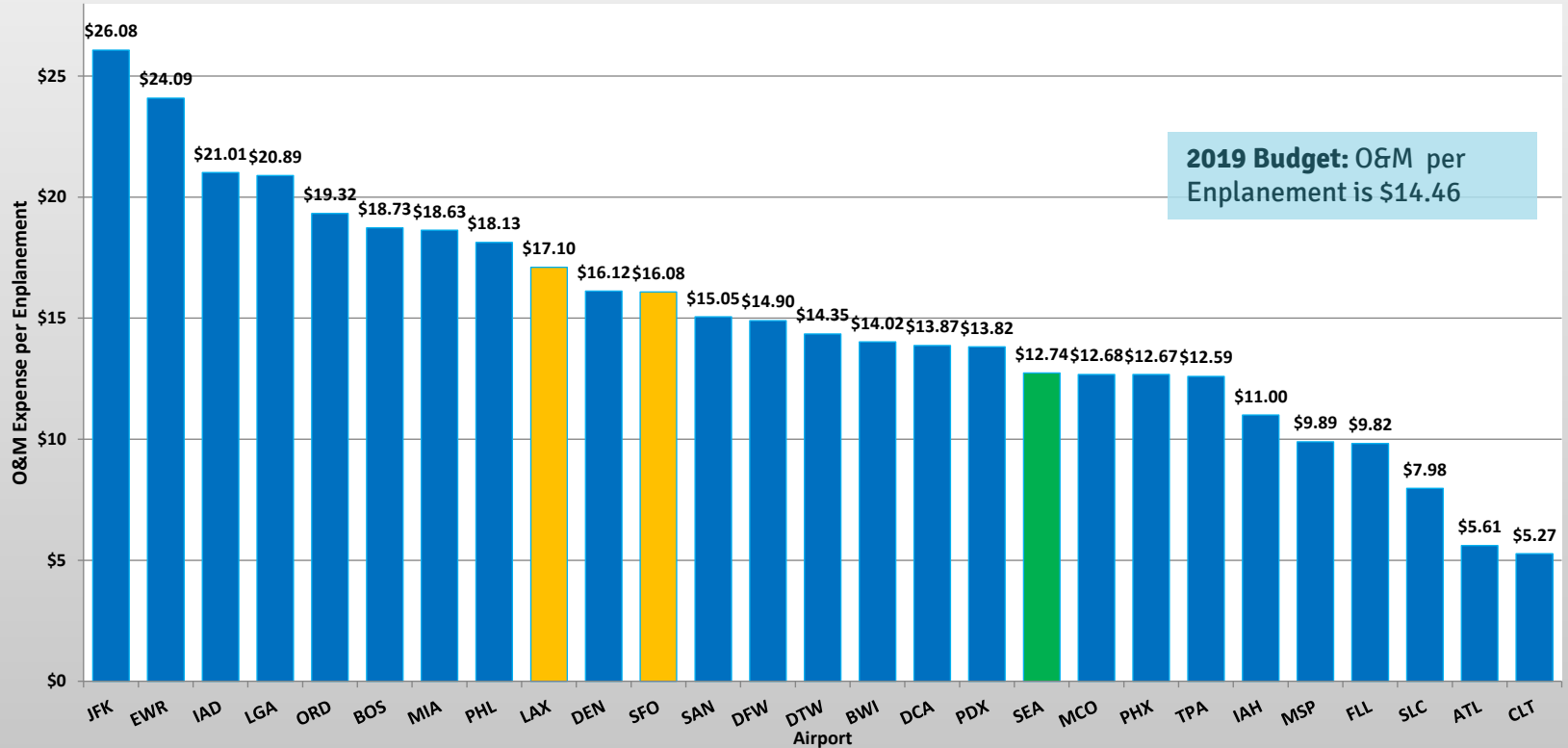
2019 costs include significant non-recurring costs

Total Operating Expenses



2018 savings/deferrals covering unplanned expenditures

2016 O&M Per Enplanement vs. Peer Airports



Most recent O&M per enplanement compares favorably to peer airports

Non-Aero Business

- Parking:
 - Anticipate growth consistent with passenger growth
- Rental Car:
 - Transaction per O&D enplanement continuing to decline
 - CFC operating revenue decreasing due to more debt service
- Airport Dining & Retail - growth consistent with passenger growth. Anthony's closure scheduled for Q1 2019
- Ground Transportation – continued growth of TNCs. Added taxi curbside contract costs.
- Commercial properties – base revenues growing but 2018 included one-time grant so year over year decline
- Airport lounges continue to grow – increased volume drives extended hours of operation
- Non-aero cost growth impacted by share of division wide initiatives, mostly non-recurring

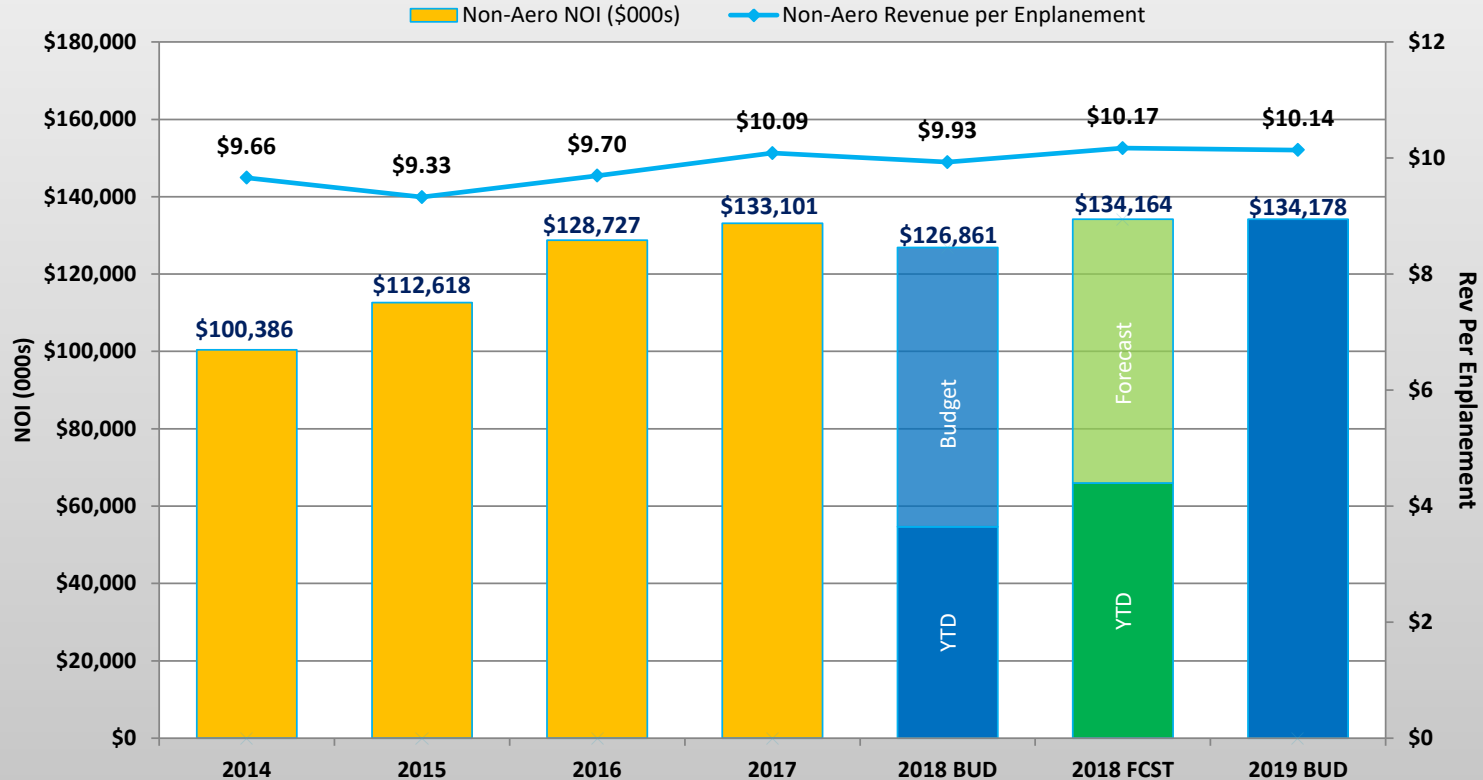
Changing patterns of ground transportation business impacting Landside revenues

Non-Aero NOI

\$ in 000's	2016	2017	2018	2018	2019	Budget Change		Budget vs Forecast	
	Actual	Actual	Budget	Forecast	Budget	\$	%	\$	%
Non-Aero Revenues									
Rental Cars - Operations	37,082	35,051	35,294	35,084	34,779	(515)	-1.5%	(306)	-0.9%
Rental Cars - Operating CFC	12,122	10,641	15,563	14,653	12,830	(2,733)	-17.6%	(1,823)	-12.4%
Public Parking	69,540	75,106	78,572	80,046	82,350	3,778	4.8%	2,305	2.9%
Ground Transportation	12,803	15,684	16,884	18,401	20,584	3,700	21.9%	2,183	11.9%
Airport Dining & Retail & Leased Space	58,405	58,980	59,087	61,980	63,909	4,822	8.2%	1,929	3.1%
Commercial Properties	9,992	18,042	14,706	15,236	14,219	(487)	-3.3%	(1,016)	-6.7%
Utilities	7,233	7,018	7,556	7,317	8,086	530	7.0%	769	10.5%
Employee Parking	9,329	9,617	9,457	10,214	10,134	677	7.2%	(80)	-0.8%
Clubs and Lounges	3,028	5,041	5,630	5,830	8,520	2,890	51.3%	2,690	46.1%
Other	1,487	1,624	2,036	1,966	2,049	12	0.6%	82	4.2%
Total Non-Aero Revenues	221,021	236,803	244,786	250,728	257,461	12,675	5.2%	6,733	2.7%
Total Non-Aero Expenses	92,294	103,702	117,925	116,564	123,282	5,357	4.5%	6,719	5.8%
Net Operating Income	128,727	133,101	126,861	134,164	134,178	7,317	5.8%	14	0.0%
Less: CFC Surplus	(4,899)	(2,750)	(7,142)	(6,182)	(3,199)	(3,943)	-55.2%	(2,983)	-48.2%
Adjusted Non-Aero NOI	123,828	130,351	119,719	127,982	130,979	11,260	9.4%	2,997	2.3%
Debt Service	(43,984)	(44,495)	(45,752)	(45,752)	(49,417)	3,665	8.0%	3,665	8.0%
Net Cash Flow	79,844	85,856	73,967	82,230	81,562	7,595	10.3%	(668)	-0.8%

Overall 2019 Non-Aero Revenue growth includes significant shifts by revenue type

Non-Aeronautical Performance



NOI impacted by division costs. Most additions are non-recurring.

Adjusted Non-Aero NOI

Non-Aero NOI - adjusted for ERL impact \$ in 000's	2018	2018	2019	Budget Change		Budget vs Forecast	
	Budget	Forecast	Budget	\$	%	\$	%
Revenues	244,786	250,728	257,461	12,675	5.2%	6,733	2.8%
Expenses	117,925	116,564	123,282	5,357	4.5%	6,719	5.7%
Net Operating Income	126,861	134,164	134,178	7,317	5.8%	14	0.0%
Less: ERL - Non-Aero Share of Terminal Building	(293)	(233)	(2,923)	2,630	-899%	2,689	-919%
Non-Aero NOI w/o Major Non-Recurring	127,153	134,397	137,101	9,948	7.8%	2,704	2.1%

Removing Non-Aero share of non-recurring ERL expense shows real growth of NOI

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
- Revenues and CPE increasing in 2019 as expected
- Reduction in revenue sharing (per SLOA IV) increases CPE but also increases Port cash flow

Most revenues are based on cost recovery formulas

Aeronautical NOI

\$ in 000's	2016	2017	2018	2018	2019	Budget Change		Budget vs Forecast	
	Actual	Actual	Budget	Forecast	Budget	\$	%	\$	%
Revenues:									
Movement Area	94,725	108,638	125,422	125,275	132,201	6,779	5.4%	6,926	5.5%
Apron Area	14,028	16,771	15,979	16,023	19,426	3,447	21.6%	3,403	21.2%
Terminal Rents	155,852	155,431	171,854	171,260	203,221	31,367	18.3%	31,961	18.7%
Federal Inspection Services (FIS)	11,227	18,612	13,413	14,143	14,583	1,170	8.7%	440	3.1%
Total Rate Base Revenues	275,832	299,452	326,668	326,701	369,432	42,764	13.1%	42,731	13.1%
Commercial Area	9,379	10,574	10,212	10,212	12,859	2,647	25.9%	2,647	25.9%
Subtotal before Revenue Sharing	285,211	310,026	336,880	336,913	382,291	45,411	13.5%	45,378	13.5%
Revenue Sharing	(37,395)	(42,311)	(35,799)	(31,908)	(15,429)	(20,369)	-56.9%	(16,479)	-51.6%
Other Prior Year Revenues	(5)	(26)	-	-	-	-	NA	-	NA
Total Aeronautical Revenues	247,811	267,690	301,082	305,005	366,862	65,780	21.8%	61,857	20.3%
Total Aeronautical Expenses	168,932	195,414	216,931	216,810	243,810	26,879	12.4%	27,000	12.5%
Net Operating Income	78,879	72,276	84,151	88,195	123,052	38,902	46.2%	34,857	39.5%
Debt Service	(89,130)	(86,564)	(90,323)	(92,425)	(109,259)	18,935	21.0%	16,834	18.2%
Net Cash Flow	(10,251)	(14,288)	(6,173)	(4,230)	13,794	19,966	323.5%	18,024	426.1%

Net cash flow is positive in 2019 due to reduction in revenue sharing

Aeronautical Cost Drivers

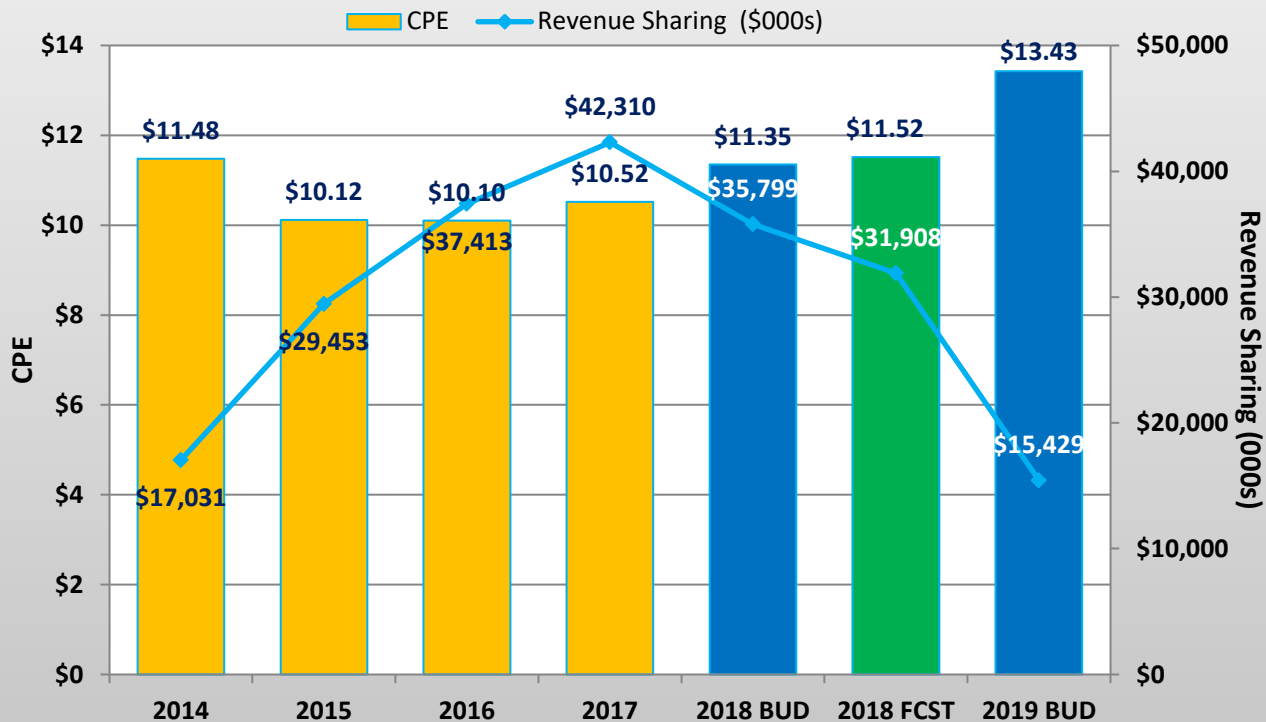
\$ in 000's	2017	2018	2018	2019	Impact on Aero Revenues Budget Change		Impact on Aero Revenues Budget vs Forecast	
	Actual	Budget	Forecast	Budget	\$	%	\$	%
O&M ⁽¹⁾	192,188	210,433	210,685	237,960	27,527	13.1%	27,275	12.9%
Debt Service Gross	113,832	120,555	120,555	136,477	15,922	13.2%	15,922	13.2%
Debt Service PFC Offset	(33,057)	(33,015)	(33,015)	(33,045)	(30)	0.1%	(30)	0.1%
Amortization	29,654	32,373	32,373	30,121	(2,252)	-7.0%	(2,252)	-7.0%
Space Vacancy	(2,264)	(2,650)	(2,638)	(1,304)	1,345	-50.8%	1,334	-50.6%
TSA Operating Grant and Other	(901)	(1,028)	(1,259)	(776)	253	-24.6%	483	-38.4%
Rate Base Revenues	299,452	326,668	326,701	369,432	42,764	13.1%	42,731	13.1%
Commercial area	10,574	10,212	10,212	12,859	(2,647)	-25.9%	(362)	-3.5%
Total Aero Revenues	310,026	336,880	336,913	382,291	40,117	11.9%	42,369	12.6%

(1) O&M, Debt Service Gross, and Amortization do not include commercial area costs or the international incentive expenses

- O&M costs driven by:
 - Environmental remediation liability expenses tied to NSAT and SSAT
 - Added division initiatives, most of which are non-recurring and primarily allocated to aero businesses
- Capital costs driven by debt service on new facilities: Phase I NSAT, Concourse D Terminal

O&M cost increases, many non-recurring, driving up airline costs

Airline Cost Management (CPE)



2019 Budget:

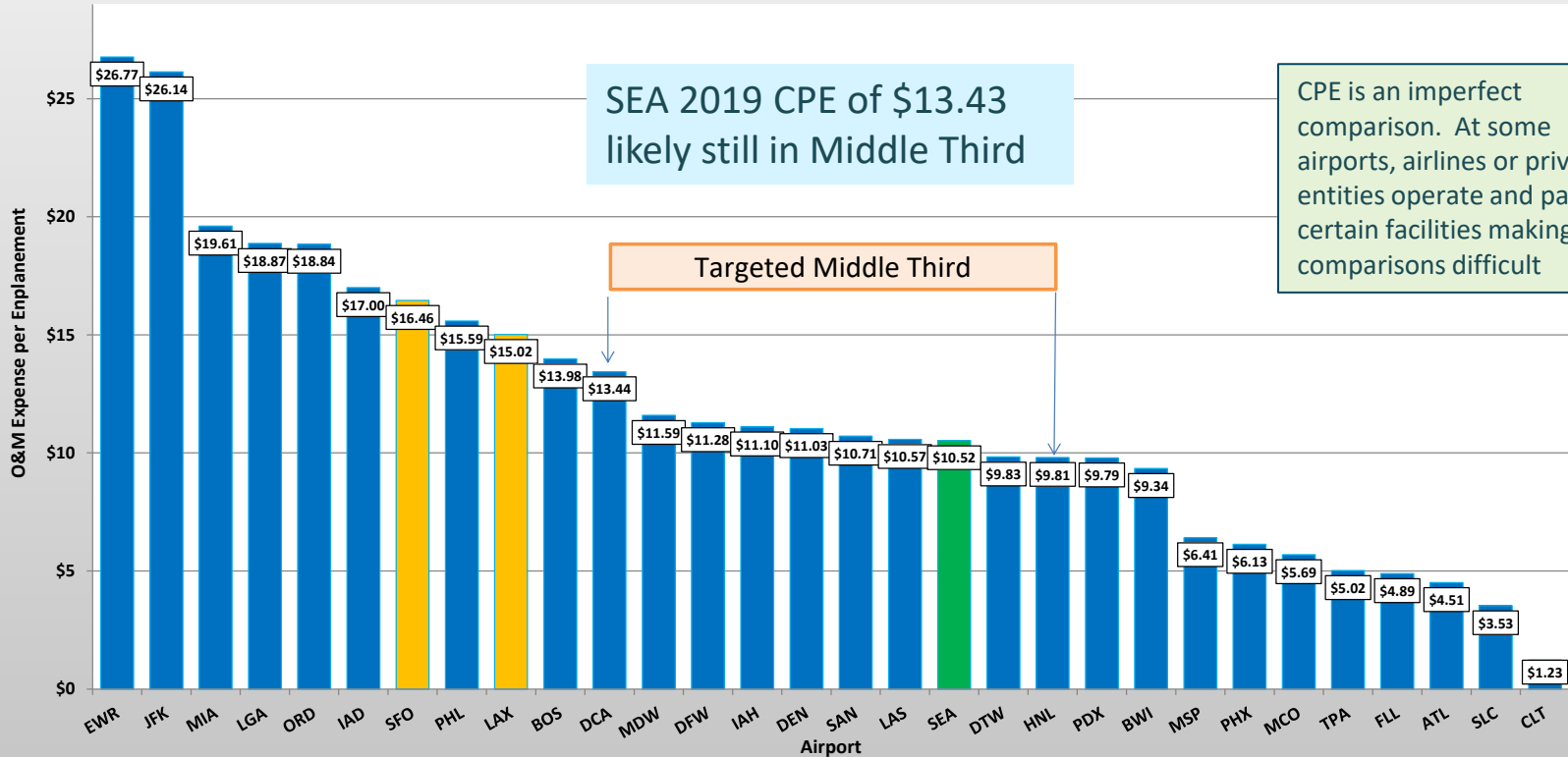
- Adjusted for SLOA IV 20% revenue sharing (was 50% in 2017 and 40% in 2018)

2019 CPE:

- Lower than 2018 budget forecast for 2019 (\$13.57)

2018 and 2019 revenue sharing has decreased to 40% and 20% with SLOA IV provision

2017 CPE Comparison



SEA 2019 CPE of \$13.43 likely still in Middle Third

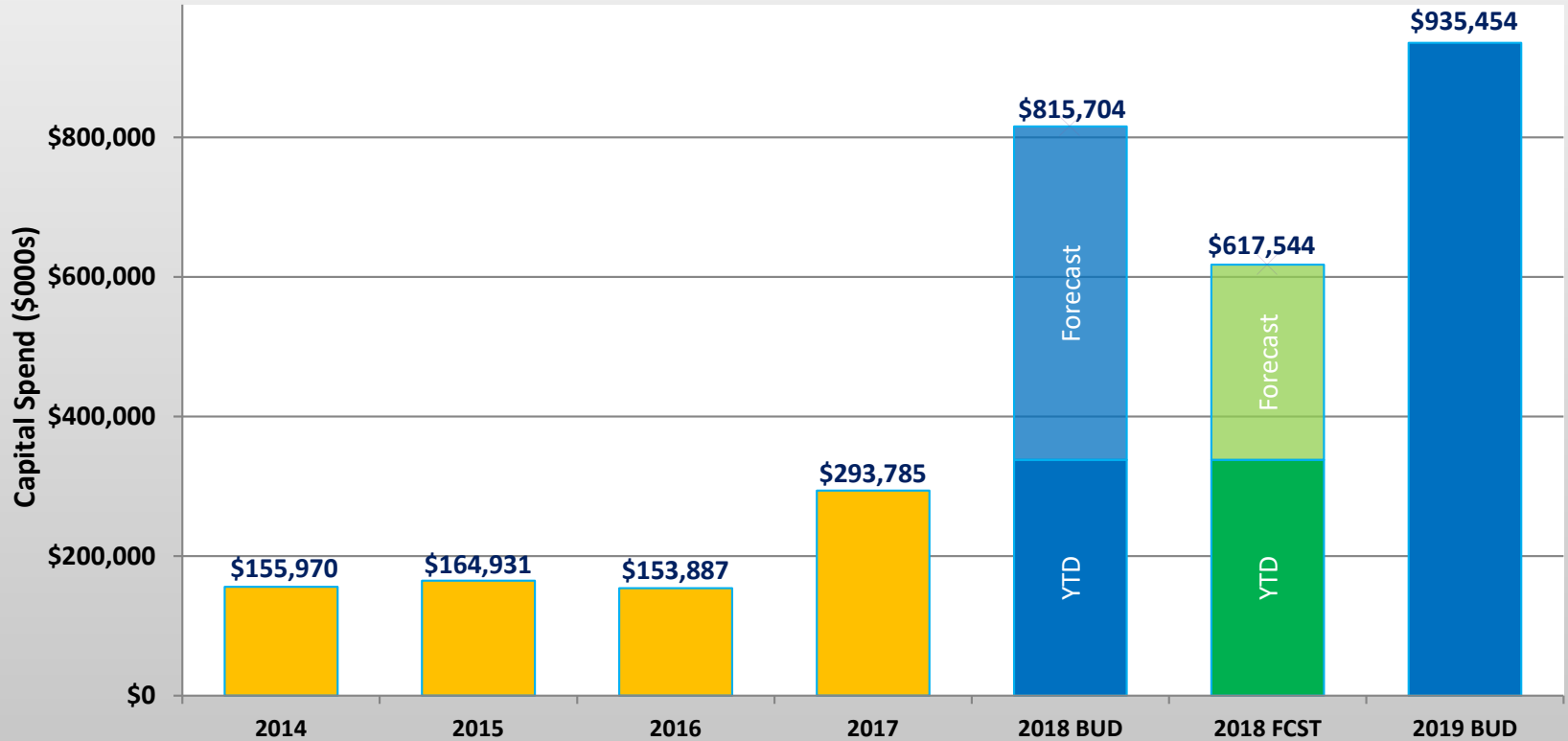
Targeted Middle Third

CPE is an imperfect comparison. At some airports, airlines or private entities operate and pay for certain facilities making comparisons difficult

CPE is competitive: SEA ranks 13 out of 30 Large Hub Airports

CAPITAL BUDGET 2019 - 2023

Capital Spending



2019 will be peak year of spending with IAF and NSAT

Capital Budget Summary

	2018 FCST	Cash Flows (Figures in \$000s)					
		2019	2020	2021	2022	2023	2019 - 23 TOTAL
Four Major Projects							
International Arrivals Facility	239,277	410,752	123,104	5,217	-	-	539,073
NSAT	131,716	129,034	123,514	105,470	61,520	-	419,538
Baggage Optimization	38,009	50,000	50,000	50,000	55,000	55,000	260,000
Subtotal - Major Projects	409,002	589,786	296,618	160,687	116,520	55,000	1,218,611
Other Existing Projects	206,552	326,895	211,104	173,786	96,447	55,658	863,890
Proposed New Projects	-	1,773	19,354	44,087	6,391	210	71,815
SAMP Preliminary Planning / Design	-	2,000	9,500	76,500	94,750	68,000	250,750
Allowance CIPs	2,000	15,000	40,000	60,000	80,000	100,000	295,000
Total Proposed CIP	617,554	935,454	576,576	515,060	394,108	278,868	2,700,066

- Three major projects account for \$1.22 billion
- Proposing 7 projects totaling \$72M spending through 2023
- Proposing SAMP preliminary planning/design spending of \$251M through 2023 (\$300M total)
- Besides preliminary planning/design funds, budget does not include potential projects to be identified by Sustainable Airport Master Plan (SAMP)

Undertaking major program before SAMP projects

Major Projects

Major Projects	CIP	2018 FCST	Cash Flows (Figures in \$000s)					2019 - 23 TOTAL
			2019	2020	2021	2022	2023	
Authorized								
International Arrivals Fac-IAF	C800583	239,277	410,752	123,104	5,216	-	-	539,072
NS NSAT Renov NSTS Lobbies	C800556	131,716	129,034	123,514	105,470	61,520	-	419,538
Checked Bag Recap/Optimization	C800612	38,009	50,000	50,000	50,000	55,000	55,000	260,000
MT Low Voltage Sys Upgrade	C800061	153	4,000	5,000	14,500	18,100	19,200	60,800
SSAT Infrastructure HVAC	C800798	1,218	22,800	12,700	7,600	2,954	-	46,054
Restroom Upgrades Conc B, C, D	C800697	2,982	12,000	13,500	2,636	794	-	28,930
Safedock Upgrade & Expansion	C800779	949	24,825	2,137	-	-	-	26,962
Other (105)		189,988	207,455	81,967	24,476	9,049	6,000	328,947
Total - Authorized		604,292	860,866	411,922	209,898	147,417	80,200	1,710,303
Pending Authorization								
Airfield Pvmnt Repl 2020-2024	C800930	50	175	11,013	13,997	15,594	12,977	53,756
C1 Building Floor Expansion*	C800845	600	1,000	10,000	20,000	10,000	8,400	49,400
Proposed New Projects	Multiple	-	1,773	19,354	44,087	6,391	210	71,815
SAMP Preliminary Planning / Design	Multiple	-	2,000	9,500	76,500	94,750	68,000	250,750
Allowance CIPs	Multiple	2,000	15,000	40,000	60,000	80,000	100,000	295,000
Other (50)		10,612	54,640	74,787	90,577	39,956	9,081	269,041
Total - Pending Authorization		13,262	74,588	164,654	305,161	246,691	198,668	989,762
Grand Total		617,554	935,454	576,576	515,059	394,108	278,868	2,700,065

* Cash flows and budgets are preliminary and may substantially change

Much of 2019-2023 spending for projects already authorized

Proposed New Projects

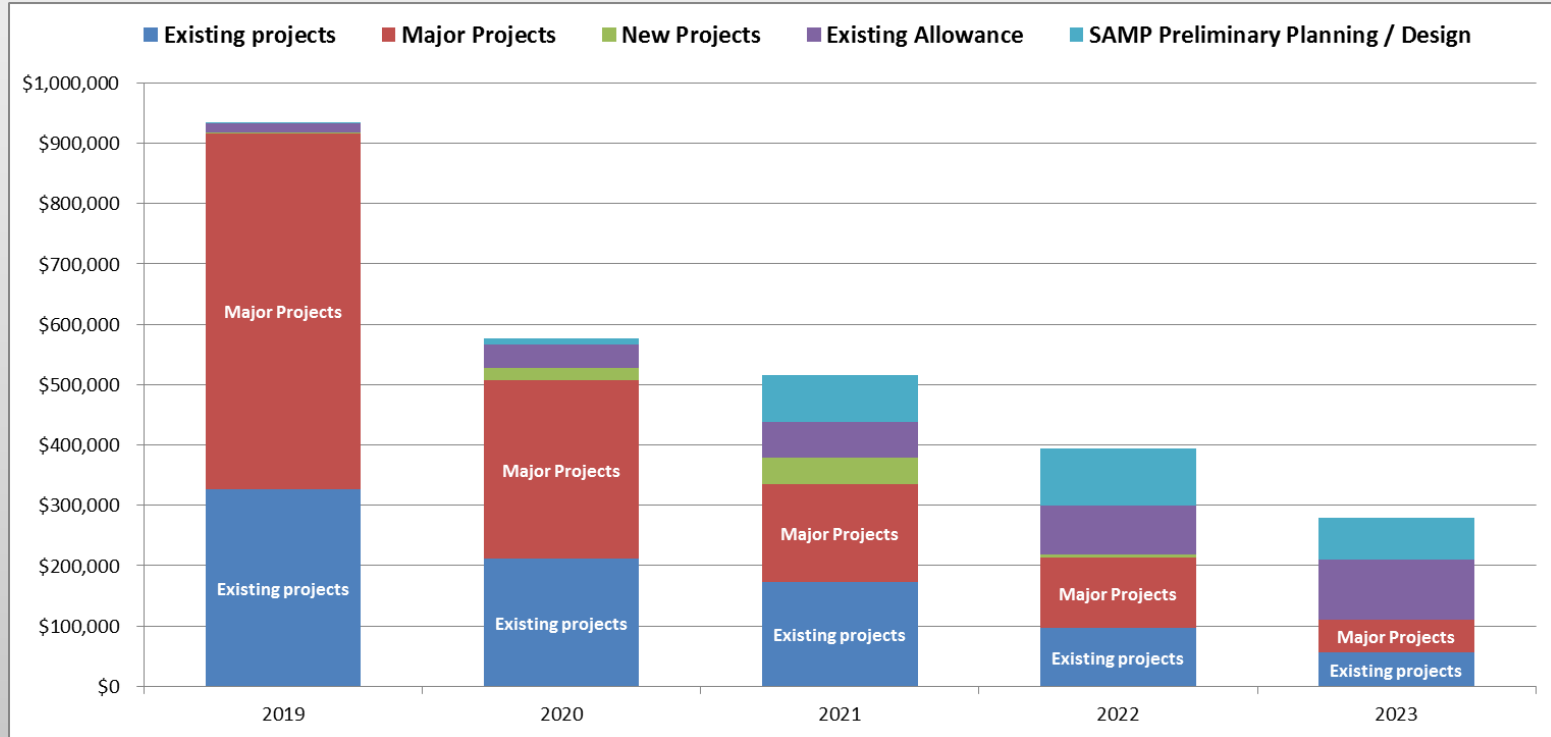
# of Projects	Description	Cost Estimate	Cash Flows (Figures in \$000s)					2019 - 23
			2019	2020	2021	2022	2023	TOTAL
3	Asset Management	63,600	1,311	18,570	39,963	3,546	210	63,600
2	Capacity / Facility Challenges	4,800	239	388	2,291	1,882	-	4,800
1	Cargo	900	73	206	621	-	-	900
1	Grow Non-Aero Revenue	2,515	150	190	1,212	963	-	2,515
7	TOTAL	71,815	1,773	19,354	44,087	6,391	210	71,815

Projects include:

- Upgrades to STS Train Control: \$57.0 million
- Elevator/Escalator Communication Cards: \$6.0M
- Consolidated Deicing Storage: \$3.1M
- Main Terminal Space Conversion: \$2.5M
- Compactor Capacity: \$1.7M
- BT Properties AOA Connection: \$900k
- Departure Drive Drainage: \$600k

Asset management is a key driver for new projects

Capital Budget - Major Projects in \$000s



Three major projects account for majority of near term spending

FINANCIAL FORECAST

2019 - 2023

Key Assumptions/Risks

- Passenger growth: consistent with SAMP
- Expense growth:
 - Baseline growth of 4%
 - FTE growth in 2020 per ICF Staffing Study
 - New facilities add incremental costs (IAF, NSAT)
- Non-airline revenues:
 - Continuing recent changes:
 - Fewer rental car transactions per O&D
 - Growth in TNCs
 - Aiming to grow parking revenues, while supporting mode shift to public transportation
 - ADR revenue growth: consistent with implementation of ADR Master Plan

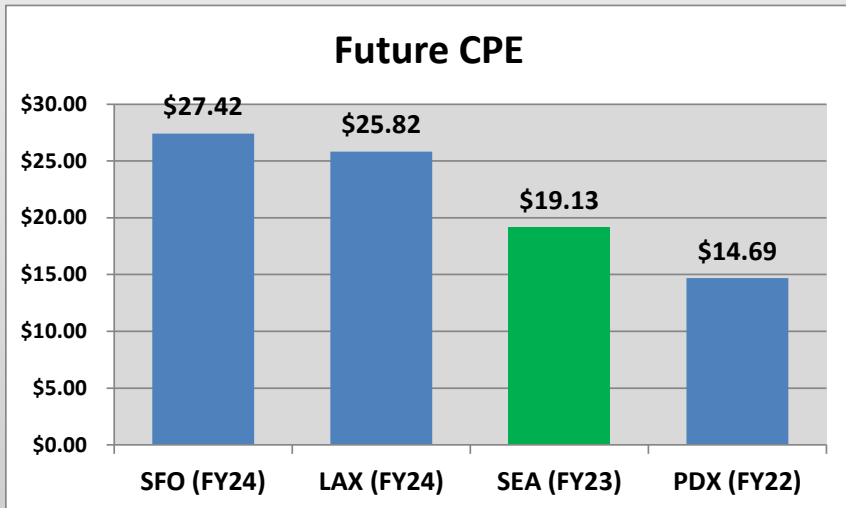
Forecast reflects planned response to closely monitored risks & opportunities

Financial Forecast: 2019 - 2023

In \$000's	2018 BUD	2019 BUD	2020	2021	2022	2023
Airline Revenue	301,204	366,862	422,642	486,338	516,584	545,373
Non-Airline Revenue	244,786	257,461	262,735	266,917	272,732	278,669
Total Revenue	545,989	624,323	685,377	753,255	789,316	824,042
Operating Expense	334,856	367,092	372,132	392,677	410,587	428,970
Net Operating Income	211,133	257,231	313,245	360,578	378,729	395,071
Net Non-Operating Income/Expense	4,406	6,069	6,329	6,540	6,916	7,245
CFC Excess*	(7,142)	(3,199)	(3,148)	(3,157)	(3,201)	(3,673)
Available for Debt Service	208,398	260,101	316,425	363,961	382,445	398,643
Net Debt Service	138,177	158,676	195,540	250,445	269,108	283,347
Net Cash Flow	70,221	101,426	120,885	113,516	113,337	115,296
Key Measures						
Debt Service Coverage	1.51	1.64	1.62	1.45	1.42	1.41
Revenue Sharing	35,677	15,429	-	-	-	-
Passenger Airline CPE	11.36	13.43	15.35	17.51	18.37	19.13
Debt per Enplaned Passenger	115.90	125.78	137.77	147.57	150.97	148.43
* CFC collection in excess of CFC debt service/O&M is restricted and cannot be used for other revenue bond debt service						

Forecasting increase in CPE and reduction in debt service coverage

Future CPE



Source of future CPEs: WJ Advisors, Ph2 Consulting and AIRMAC LLC

- SEA future CPE driven by completion of major projects
- Will likely not be within middle third of 30 large hub airports (22nd, see appendix)
- Will be competitive compared to west coast international gateway hubs (SFO and LAX)
- SAMP projects would drive CPE higher

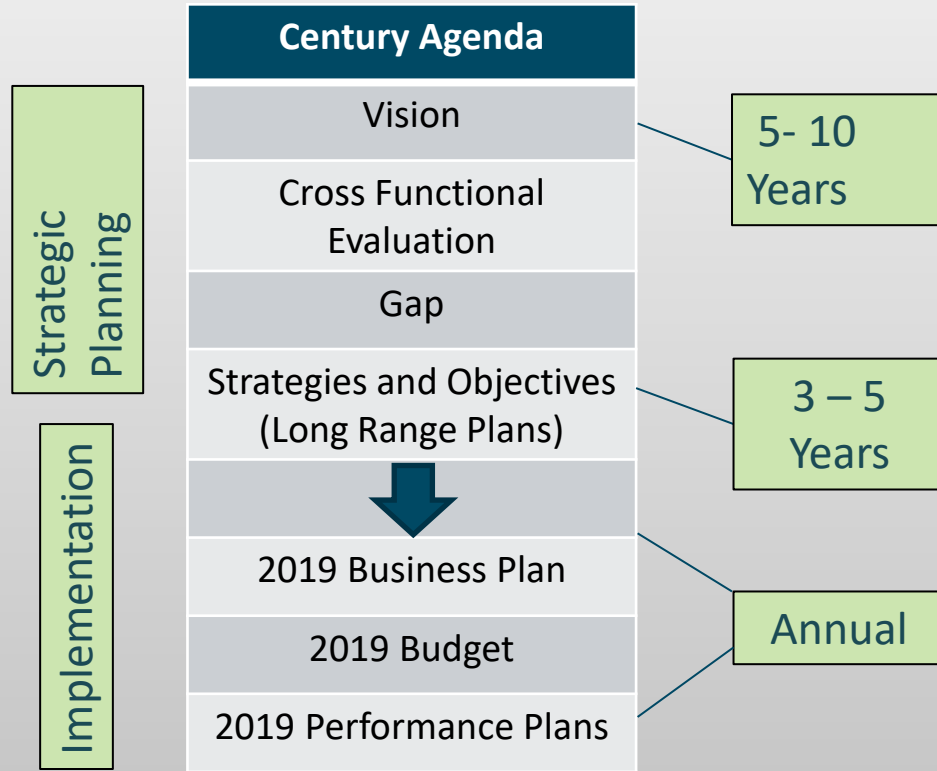
Through 2023 forecasting competitive CPE vs. selected west coast airports

Maritime Division 2019 Preliminary Budget

October 9, 2018



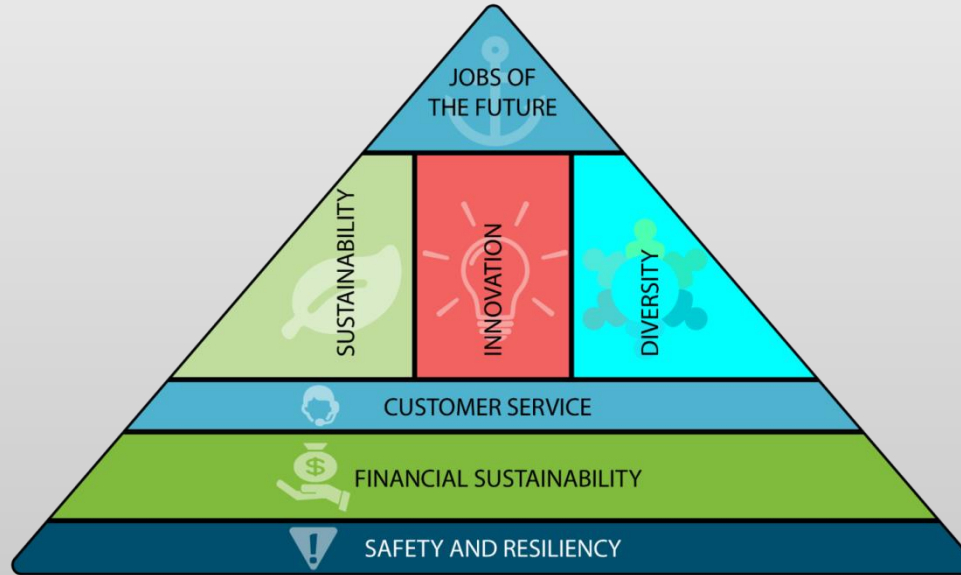
Strategy to Budget Process



- Century Agenda and LRP underway: focus on creating jobs of the Future in the Ocean Economy.
- Strong Demand of facilities in all business lines: Vessel size growing.
- Matrix organization requires cross-functional work and close collaboration
- Developing strategies and actions to position Maritime Division and Industry for the future.

2019 Budget will reflect resources needed to move toward CA Objectives

2019 Maritime Priorities



Foundation of Success

Maritime Priorities

Maritime Priorities	Century Agenda/LRP
Financial Stability	CA/LRP (S1-Obj 2) Making prudent infrastructure investments.
Customer Service	CA/LRP (S2-Obj 9, PA2) Improving convenience and efficiency for cruise passengers. LRP/HPO (S1-Obj 1, PA1,2,3) Making the NWSA an attractive West Coast gateway.
Economic Impact	CA/LRP (S1-Obj 5 PA 1,2,4); (S2-Obj 9 PA 1,3,4); (S3-Obj 10 PA1,3); (Obj 12, PA1,2). Fostering family wage jobs and workforce development.
Safety, Security, Preparedness	LRP/HPO S2-Obj 3 PA1,2,3); (Obj 4, PA1,2,3); (Obj 6, PA2) Continuous improvement in safety, security, and preparedness.
Sustainability	CA/LRP (S4-Obj 13, PA1,2,3,4); (Obj 14, PA1,2,3); (Obj 15, PA2,3,4); (Obj 16, PA1,2,3); (Obj 17, PA1,2,3,4) Becoming North America's Greenest, Most Energy Efficient Port.
Innovation, Process Improvement	CA/LRP (S1-Obj 5, PA3); LRP/HPO (S1-Obj 2, PA 1,2,3); (Obj 6, PA1) Innovating in the maritime cluster as well in our own organization.
Equity, Inclusion	LRP/HPO (S4-Obj 7, PA1); (Obj 8, PA1); (Obj 9, PA1) Demonstrate our leadership in equity, equity, and inclusion.
Asset Management	CA/LRP (S1-Obj 5, PA 1, 2); (Obj 8, PA3) LRP/HPO (S1-Obj 1, PA2,3); (Obj 2, PA 1) Building a framework for maintaining our maritime assets.

2019 Budget Objective

Financial Goal: Maritime Division positive Net Income including depreciation by 2024.

- How to get there:
 - Leverage assets in the cruise business and the grain terminal to help support the regional fishing fleet, environment, and local maritime small businesses.

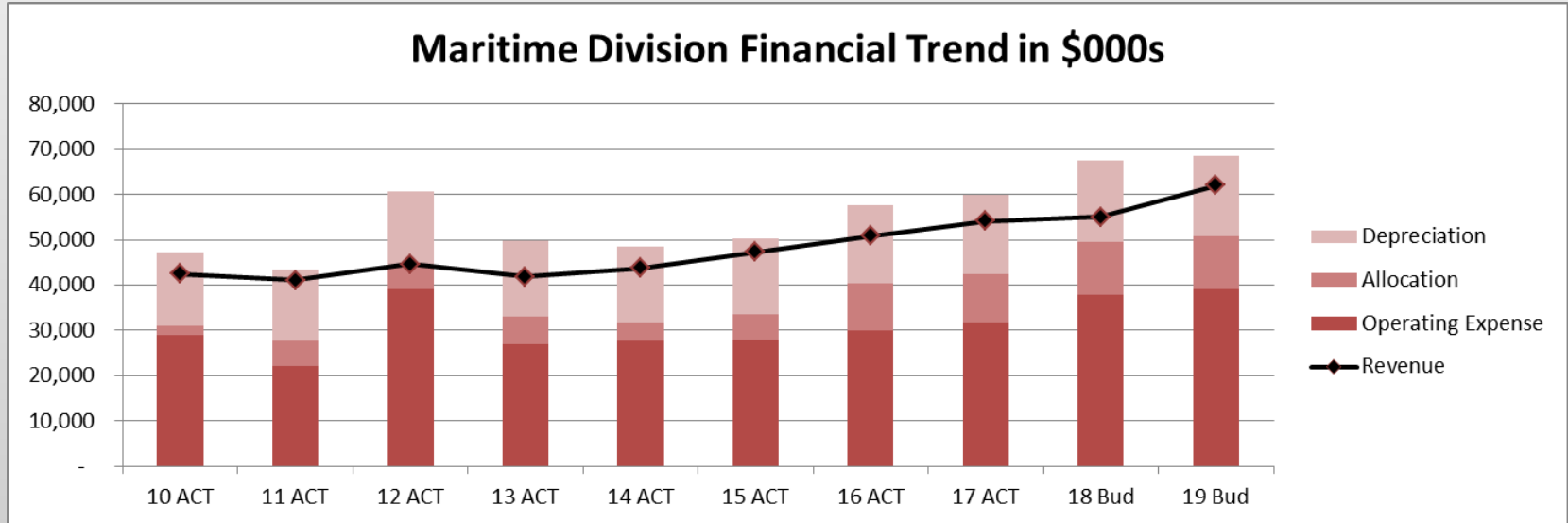
Do well to do good

Budget Preview

- 2010-2017 expenses grew faster than revenue
 - Revenue grew 3.6%
 - Expenses grew 4.5%
- Historically actual expenses significantly under and revenue over budget. This trend continued with 2018 budget process.
 - Scrubbed expenses in 2019 similar to “Zero Based” approach
- 2019 Budget focus: Increase revenue more than expenses
 - Revenue up 12.7%
 - Expenses up 2.4%

Steps to improve financial sustainability

Maritime Division Financial Trends

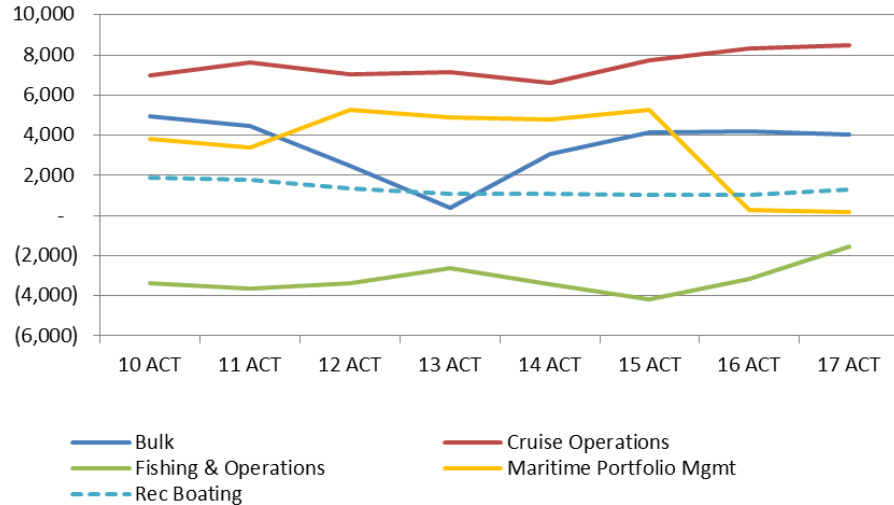


- Pricing services to market
- Limiting operating expense growth, scaling overhead with growth

Bending the revenue and cost curves in the right direction

2010-2017 Line of Business Trends

Maritime NOI Before Depreciation by Business
\$000s



Compound annual growth rates

Revenue

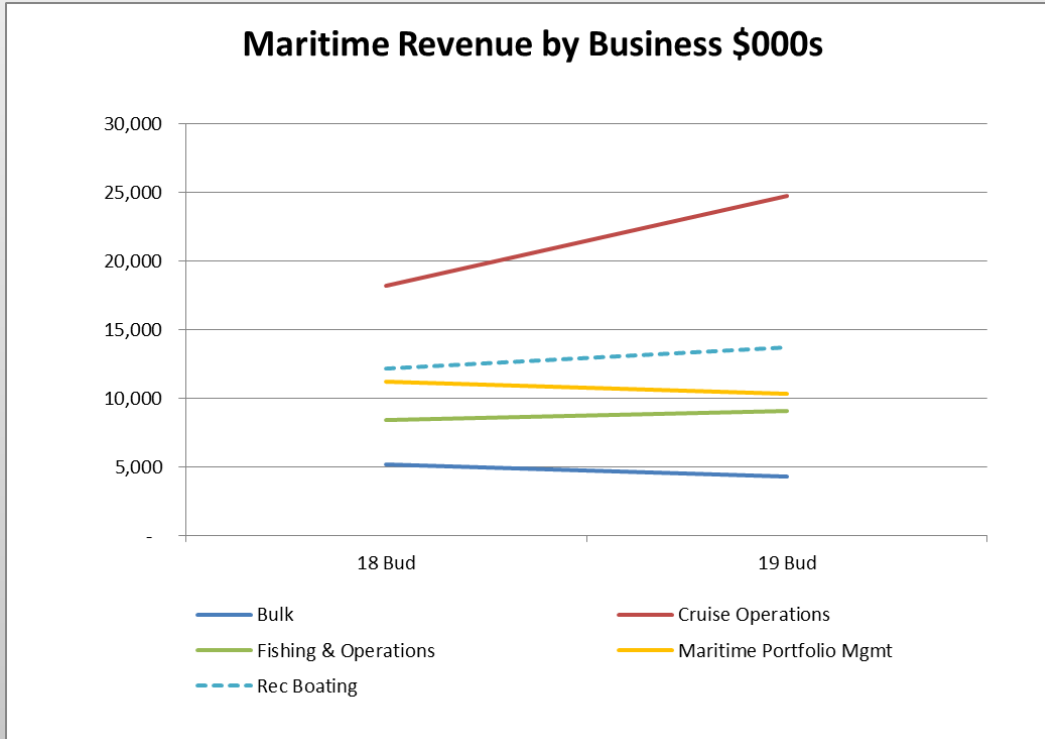
- Cruise – 5.8%
- Recreational Boating – 3.4%
- Grain Terminal (Bulk) – (1.5%)
- Fishing & Operations – 5.6%
- Maritime Portfolio Mgmt – 5.2%
- **Total Maritime – 3.6%**

Expenses

- Cruise – 9.4%
- Recreational Boating – 5.1%
- Grain Terminal (Bulk) – 3.7%
- Fishing & Operations – 1.5%
- Maritime Portfolio Management – 16.1%
- **Total Maritime – 4.5%**

From 2010 to 2017 expenses growing 25% faster than revenue

2018-2019 Line of Business Budget Overview



Budget Growth rates

Revenue

- Cruise – 36.1%
- Recreational Boating – 12.4%
- Grain Terminal (Bulk) – (17.6%)
- Fishing & Operations – 8.2%
- Maritime Portfolio Mgmt – (7.5%)
- **Total Maritime – 12.7%**

Expenses

- Cruise – (6.3%)
- Recreational Boating – 7.3%
- Grain Terminal (Bulk) – (1.7%)
- Fishing & Operations – 0.4%
- Maritime Portfolio Management – 9.9%
- **Total Maritime – 2.4%**

From 2018 to 2019 budget: Revenues far outpacing expenses led by Cruise

2019 Revenue

\$ in 000's	2017	2018	2018	2019	Budget Change		Budget to Forecast	
	Actual	Budget	Forecast	Budget	\$	%	\$	%
Grain	5,427	5,163	5,163	4,254	(909)	-18%	(909)	-18%
Cruise Operations	17,596	18,150	18,150	24,707	6,558	36%	6,558	36%
Fishing & Operations	9,297	8,388	8,748	9,071	684	8%	324	4%
Maritime Portfolio Mgmt	10,787	11,169	10,769	10,328	(841)	-8%	(441)	-4%
Rec Boating	11,086	12,166	12,446	13,671	1,504	12%	1,224	10%
All Other	(9)	17	17	0	(17)	-100%	(17)	-100%
Total Maritime	54,183	55,053	55,293	62,031	6,978	13%	6,738	12%

Variance to 2018 Budget

- Grain down from “the current political climate and tariffs that have been put in place.”
- Cruise 36% favorable – 20% tariff increase, CCCL moving to tariff, bigger ships.
- Fishing 8% favorable – Salmon Bay Marina acquisition, increased tariff.
- Maritime Portfolio Management 8% unfavorable - WSDOT lease expiration at Terminal 106.
- Recreational Boating 12% favorable - higher guest moorage and proposed 7% tariff increase.

13% increase in Maritime revenues

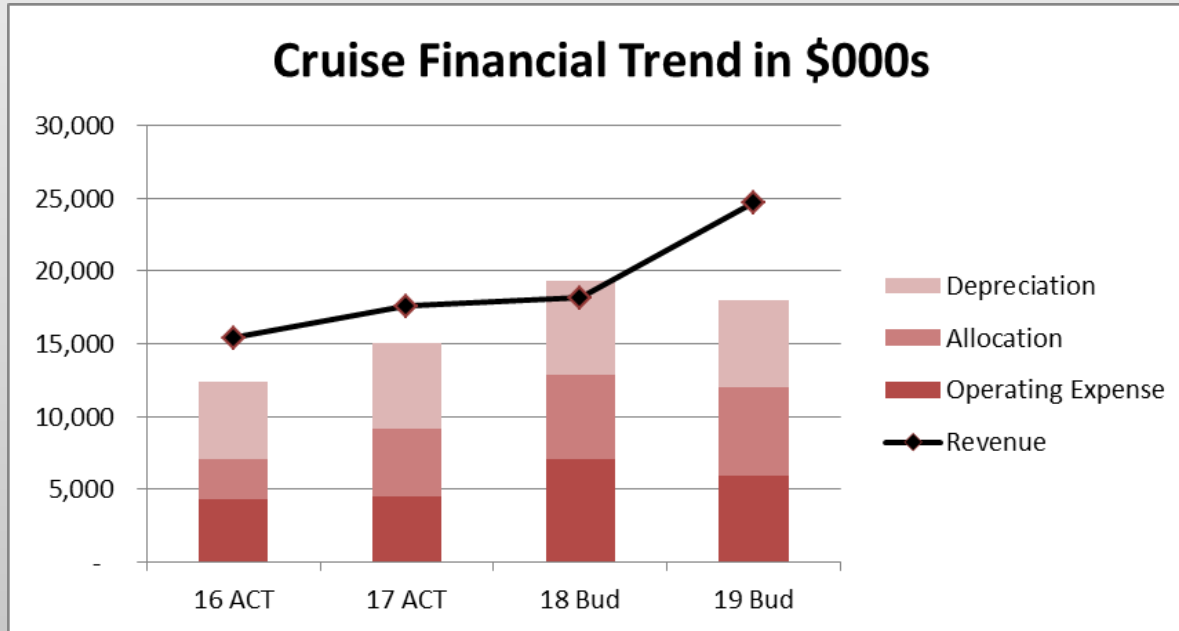
2019 Maritime Budget Summary

Inclusive of Direct Charges & Allocations from Corporate, CDD, & Other Divisions

\$ in 000's	2017 Actual	2018 Budget	2018 Forecast	2019 Budget	<i>Incr (Decr)</i>		<i>Incr (Decr)</i>	
					Budget Change		Budget to Forecast	
					\$	%	\$	%
Total Revenues	54,183	55,053	55,293	62,031	6,978	12.7%	6,738	12.2%
Expenses								
Maritime Expenses (Excl. Maint)	12,051	15,383	15,383	14,610	(773)	-5.0%	(773)	-5.0%
Envir Services & Planning	1,125	2,168	1,994	2,659	491	22.7%	665	33.3%
Maintenance Expenses	10,502	11,261	11,261	11,982	721	6.4%	721	6.4%
Econ Dev Expenses	4,172	4,583	4,383	4,996	414	9.0%	614	14.0%
CDD Expenses	748	1,212	1,030	821	(390)	-32.2%	(209)	-20.3%
Police Expenses	3,756	4,209	4,209	4,473	264	6.3%	264	6.3%
IT	2,711	2,858	2,858	2,788	(70)	-2.4%	(70)	-2.4%
Public Affairs	1,346	1,528	1,528	1,646	118	7.7%	118	7.7%
Other Corporate Expenses	5,769	6,184	5,971	6,631	447	7.2%	660	11.1%
AV	203	194	194	182	(12)	-6.4%	(12)	-6.4%
Operating Expenses	42,381	49,578	48,810	50,788	1,210	2.4%	1,978	4.1%
Net Operating Income before Depecciation	11,802	5,475	6,483	11,243	5,768	105.4%	4,760	73.4%
<i>Depreciation</i>	<i>17,410</i>	<i>17,868</i>	<i>17,868</i>	<i>17,612</i>	<i>(256)</i>	<i>-1.4%</i>	<i>(256)</i>	<i>-1.4%</i>
NOI after Depreciation	(5,608)	(12,394)	(11,386)	(6,370)	6,024	48.6%	5,016	44.1%

Increasing profit while absorbing initiative expenses

Cruise Financial Goal: Profitability while driving regional tourism



Revenue up \$6.6M/36%
Expenses down \$806K/6.3%

Opportunities:

- Increase in demand for Alaskan cruises
- Growth in vessel sizes and passenger counts

Risks:

- Shortage of capacity to house large cruise vessels
- Expensive capital replacement cost

Raising tariff and managing cost

Cruise – Key Strategies and Initiatives

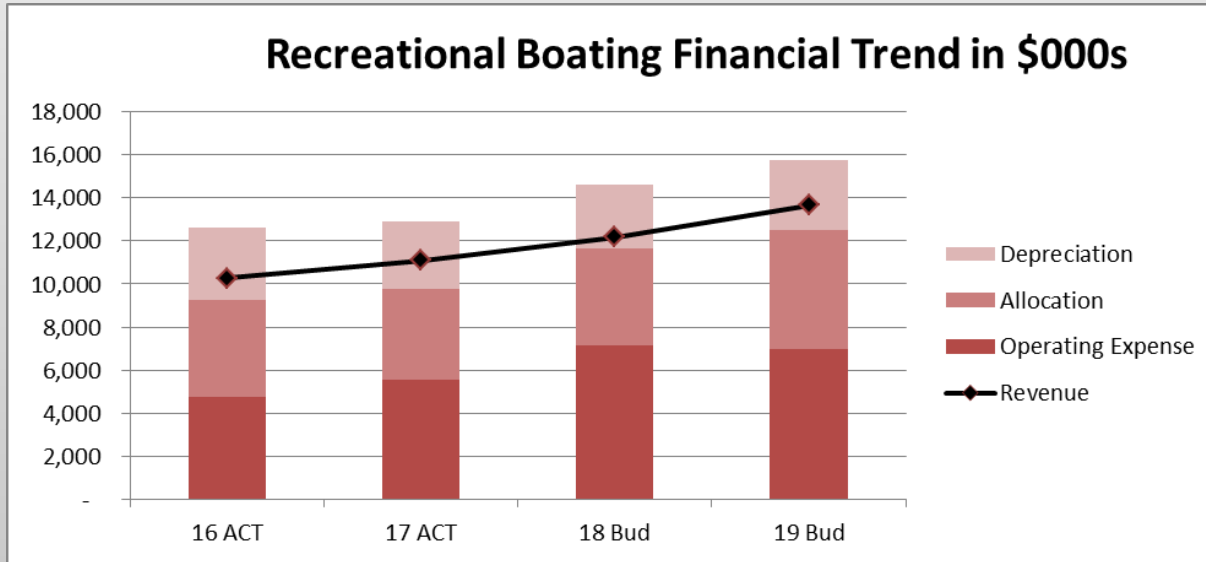
LRP Objective: Double the economic value of cruise traffic to Washington State.

Initiatives:

- Port Valet \$1M (\$600K to Cruise, \$400K to Aviation). Budget decreased from 2018.
- Consulting for future planning \$750K
- Advertising \$250K

Leveraging cruise demand to support regional tourism

Recreational Boating Goal: Positive NOI including Depreciation by 2024



Revenue up \$1.5M/12.4%
Expenses up \$848K/7.3%

Opportunities:

- Guest moorage
- Lean efforts to increase revenue

Risks:

- Aging Docks
- Economic Conditions
- Weather
- Security Issues

Incremental steps to profit goal

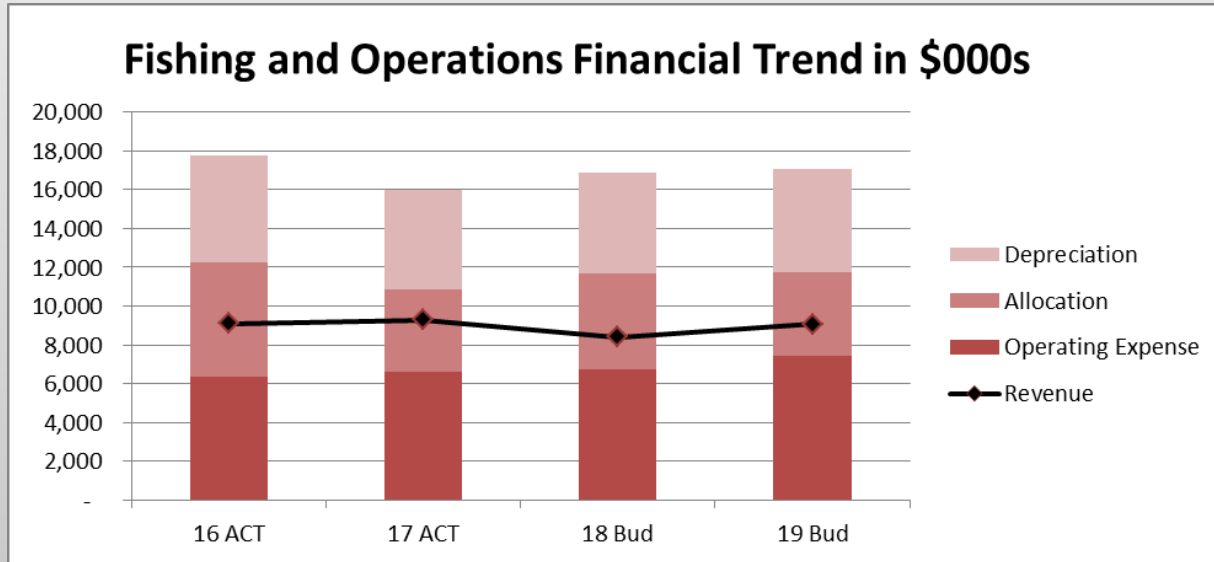
Recreational Boating – Key Strategies and Initiatives

Driving Demand

- Destination Awareness
- Completing Restroom Project
- Restaurant Completion
- Attracting New Boaters
 - Driving youth participation
 - Increasing diversity
 - Superyachts

Maintaining high demand for facilities

Fishing & Operations Goal: Positive NOI before Depreciation by 2024



Revenue up \$684K/8.2%
Expenses Flat

Opportunities:

- Tug & barge market
- Big fishing moorage

Risks:

- Aging docks
- Environmental constraints
- First full year of Salmon Bay Marina ownership

Incremental steps to profit goal

Fishing & Commercial Operations – Key Strategies and Initiatives

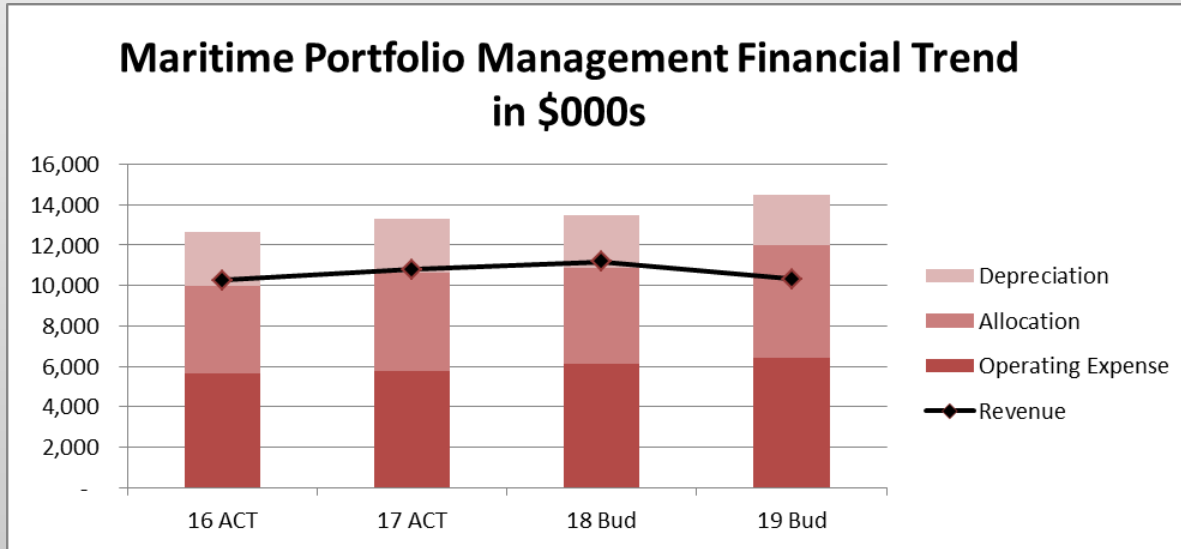
LRP Objective: Double the economic value of Fishing and Maritime Cluster.

Initiatives:

- Terminal 91 Berth 6&8 Repair (\$35M Capital)
- Terminal 5 North Mooring Dolphins (\$3.6M Capital)
- Maritime Innovation Center / Fishermen's Terminal Redevelopment (\$34M Capital)
- T-91 North Fender Pile Repair Berth K, L, & M (\$200K Expense)

Capital intensive business

Maritime Portfolio Management: Positive NOI including Depreciation by 2024



Revenue down \$841K/7.5%
Expenses up \$1,230K/9.9%

Opportunities:

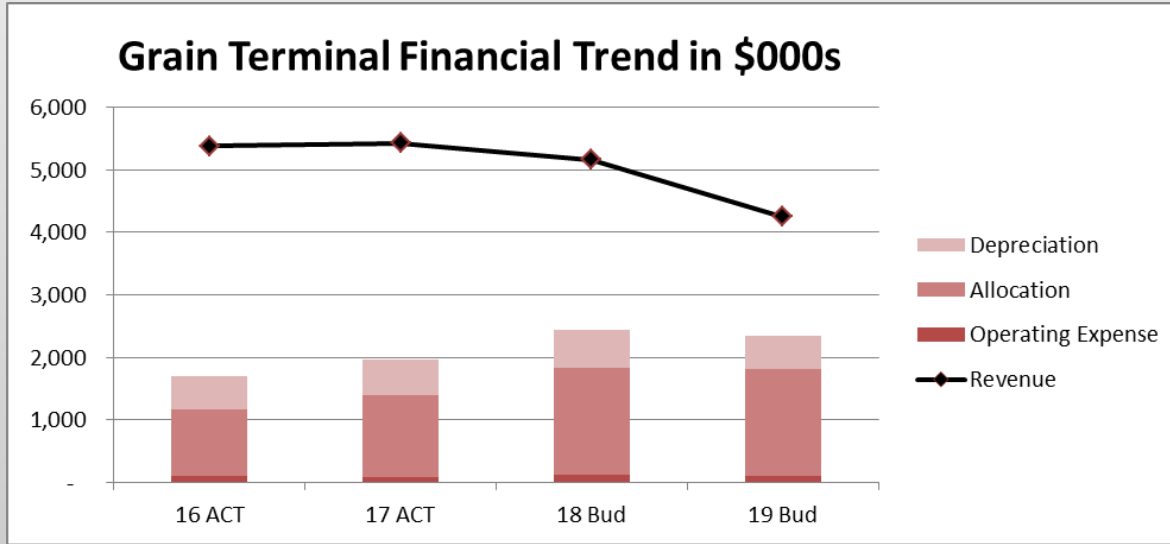
- T106 development
- FT redevelopment
- Bigger step increases on tenant renewals
- Better maintenance management

Risks:

- Long vacancy turnaround times
- Softening real estate market
- Aging facilities expensive to maintain

Vacancies and Redevelopment: Vacant now -> Upside later

Grain Terminal Goal: Net Income Maximized



Revenue down \$909K/17.6%
Expenses down \$32K/1.7%

Opportunities:

- Recent trend of outperforming budget

Risks:

- Impact of tariffs and current political climate
- Port carries upside and downside risk in contract with Louis Dreyfus

Net Operating Income supporting other businesses

Environmental Initiatives

\$ in 000's

<u>Habitat Initiatives</u>	<u>2019 Budget</u>
Smith Cover Blue Carbon Pilot Project	200
PORTfolio Site Maintenance/Enhancements	60
Umbrella Mitigation Bank	68
Customer Service Supervisor	125
On-Call Technical Support for PORTfolio	75
<u>Other Environmental Initiatives</u>	
Funding for Federal, State, and Local agencies	50
Programmatic Shoreline Permit	20
Waste Management Program Continuation	55
Total	653

Focus on improving water quality, improving habitat

Full-Time Equivalents (FTEs)

<u>2018 Budget</u>	168.0
<u>2018 Changes</u>	
Transfer	
Transfer in Maritime Security Manager from Corporate	1.0
FTE Transfer from Maintenance to Finance	-1.0
Adjusted 2018	<u>168.0</u>
<u>2019 Budget</u>	
Staff Addition/Subtraction:	
Limited Duration Purchasing Rep	1.0
Marine Maint PMG Project Specialist	1.0
Retired Facility Mgr - Move to outside services	-0.5
Admin Intern	-0.3
College Intern for Marketing	-0.3
Net Change	<u>1.0</u>
Proposed 2018 Budget	<u><u>169.0</u></u>

One net new FTE

Stormwater Utility 2018 Budget Review

Commission Review

October 9, 2018

Stormwater Utility Operating Budget

\$ in 000's	2017 Actual	2018 Budget	2018 Forecast	2019 Budget	<i>Incr (Decr)</i>	
					Budget Change \$	%
Revenue	4,985	5,333	5,333	5,795	461	8.6%
Operating Expenses						
Stormwater Utility Expenses	945	1,159	1,159	1,052	(107)	-9.2%
Maintenance Expenses	2,380	3,413	3,413	2,933	(480)	-14.1%
Environmental & Sustainability	375	237	237	268	30	12.8%
EDD Expenses	20	18	18	50	32	177.6%
CDD Expenses	41	51	51	70	19	36.7%
Corporate Expenses	389	723	723	785	62	8.6%
Total Operating Expenses	4,150	5,601	5,601	5,158	(443)	-7.9%
Net Operating Income	835	(268)	(268)	636	904	NA

- Rate increase to 8.2%, additional increase related to Salmon Bay Marina Acquisition.
- FTE to grow from 1 to 2 offset with reduced consulting cost.

Moving into a fully operational utility

Stormwater Utility Capital Budget Summary

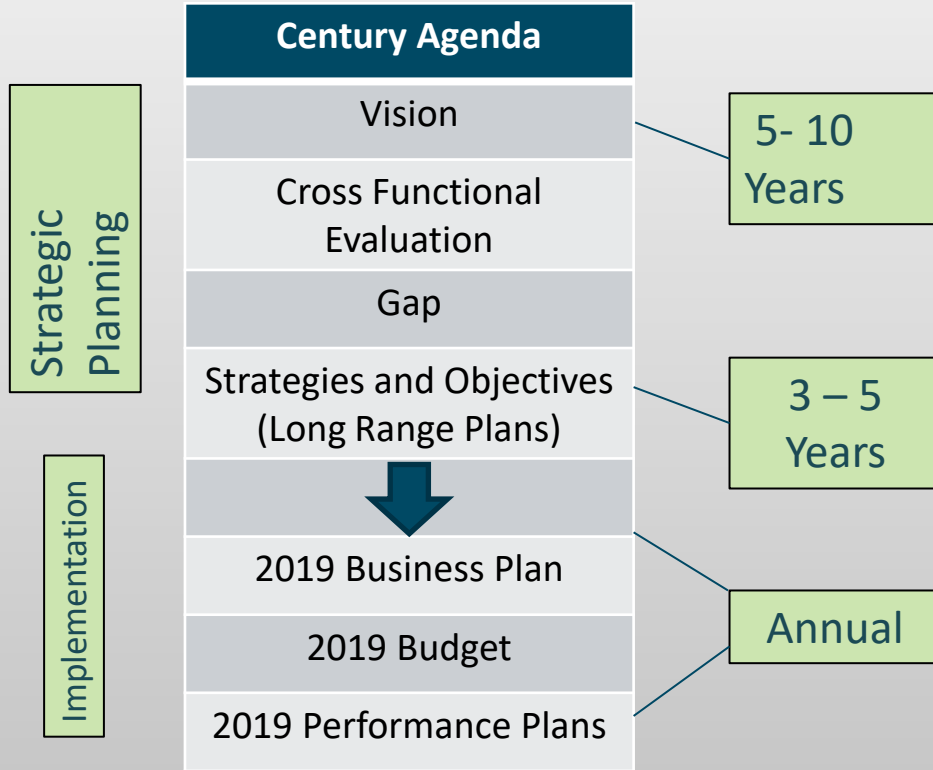
\$'s in 000's

	2019	2020	2021	2022	2023	Total
Commission Authorized/Underway	1,650	1,900	669	500	500	5,219
T18 Stormwater outfalls renew/replace	1,150	1,400	169	-	-	2,719
Portwide Stormwater Sys Renewal	500	500	500	500	500	2,500
Pending Future Authorization	-	500	1,500	1,500	1,500	5,000
SWU Contingency	-	500	1,500	1,500	1,500	5,000
Portwide Stormwater Sys Renewal						-
Small Capital Projects	150	150	150	150	150	750
	1,800	2,550	2,319	2,150	2,150	10,969

Economic Development Division 2019 Preliminary Budget

October 9, 2018

Division Priorities Driven by Century Agenda



Division Priorities

- Promote international travel and cruise adventures
- Promote women and minority business enterprise (WMBE) and small business growth
- Advance equitable workforce training within key Port industries
- Develop port properties to support aviation, fishing and maritime industries

Key Budget Assumptions

- Maintain zero base budgets for nonrevenue generating departments
- Commercial Properties target 95% occupancy at year-end 2019.
- Conference and Event Center revenue up 13% from 2018 budget*.
- Economic Development Partnership Grants continued.
- Continued funding of Workforce Development.
- Tourism initiatives continued.

*Based on draft 2019 budget from Columbia Hospitality Inc.



Near full occupancy, continued Workforce Development and Grant initiatives

EDD P&L Summary

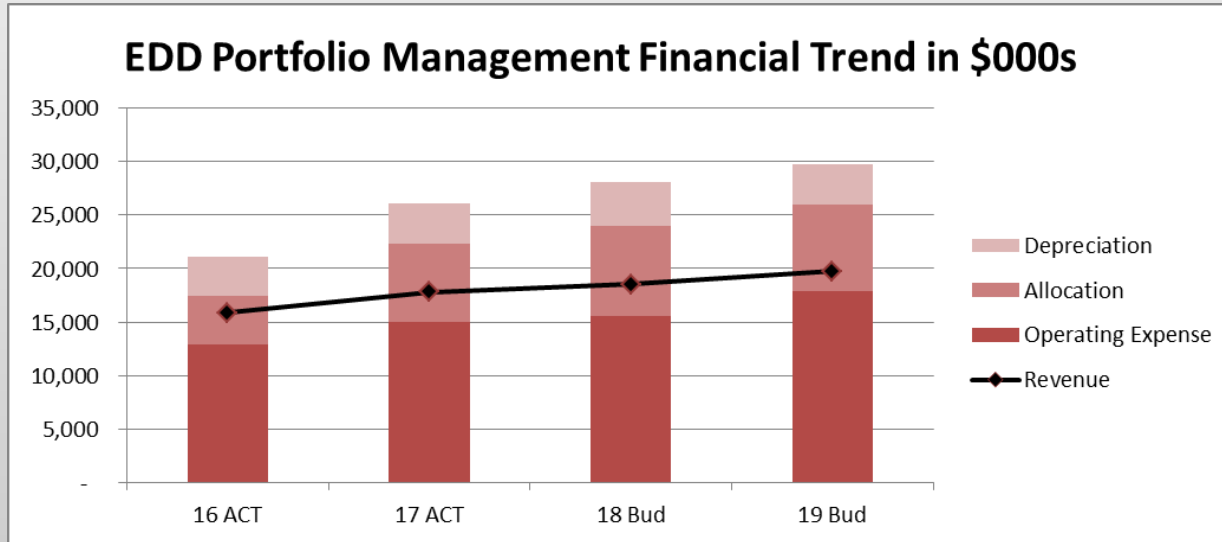
\$ in 000's	2017	2018	2018	2019	Incr (Decr)		Incr (Decr)	
	Actual	Budget	Forecast	Budget	Budget Variance	%	Budget to Forecast	%
	\$	\$	\$	\$	\$	%	\$	%
Revenue	8,658	8,985	9,097	8,930	(55)	-1%	(167)	-2%
Conf & Event Centers	9,133	9,537	9,949	10,795	1,258	13%	846	9%
Total Revenue	17,791	18,522	19,046	19,725	1,203	6%	679	4%
Expenses								
Portfolio Management	3,875	3,778	3,778	4,128	350	9%	350	9%
Conf & Event Centers	7,639	8,465	8,465	9,374	908	11%	908	11%
P69 Facilities Expenses	206	289	289	225	(65)	-22%	(65)	-22%
RE Dev & Planning	214	211	211	216	5	2%	5	2%
EconDev Expenses Other	763	1,227	1,227	1,262	35	3%	35	3%
Maintenance Expenses	3,657	3,055	3,055	4,071	1,017	33%	1,017	33%
Maritime Expenses (Excl Maint)	52	344	344	389	45	13%	45	13%
Total EDD & Maritime Expenses	16,406	17,370	17,370	19,664	2,294	13%	2,294	13%
Small Business	64	140	140	199	59	42%	59	42%
Workforce Development	850	1,992	1,292	2,010	18	1%	718	56%
Tourism	1,234	1,460	1,460	1,463	3	0%	3	0%
EDD Grants	751	960	960	960	0	0%	0	NA
*Total EDD Initiatives	2,900	4,552	3,852	4,632	80	2%	780	20%
Environmental & Sustainability	260	398	363	395	(2)	-1%	33	9%
CDD Expenses	387	329	264	235	(94)	-29%	(29)	-11%
Police Expenses	51	158	156	228	70	44%	72	46%
Other Central Services	5,269	5,816	5,700	5,533	(283)	-5%	(167)	-3%
Aviation Division	113	127	127	155	28	22%	28	22%
Total Central Services & Aviation	6,080	6,829	6,611	6,547	(281)	-4%	(63)	-1%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	25,387	28,751	27,833	30,844	2,093	7%	3,011	11%
NOI Before Depreciation	(7,596)	(10,229)	(8,787)	(11,119)	(890)	9%	(2,332)	27%
Depreciation	3,863	4,156	4,156	3,819	(337)	-8%	(337)	-8%
NOI After Depreciation	(11,459)	(14,385)	(12,943)	(14,937)	(553)	4%	(1,994)	15%

→ *Portion of 2019 EDD initiatives assigned to tax levy:

- Small Business - \$88K
- Workforce Dev. - \$1,624K
- EDD Grants - \$960K

Near full occupancy, continued Workforce Development and Grant initiatives

Portfolio Management Financial Trend



Revenue up \$1.2M/6.5%
Expenses up \$2.0M/8.3%

Opportunities:

- T91 Development
- Pier 2 and CEM ground leases

Risks/Challenges:

- Allocation Structure
- Aging facilities – expensive to maintain
- Takes years to generate higher revenues from existing leases

Conference and Events Center growing revenues and associated costs

Portfolio Management– Key Strategies and Initiatives

- Grow and promote Conference and Event Center facilities while working to increase gross margin
- Migrate tenant billing system for NWSA
- Maximize Parking Revenues
- Negotiate Step up leases across for both Maritime & Economic Development Divisions

Focus on improved security and customer service

Diversity in Contracting/Small Business Assistance

- ❑ Implement Diversity in Contracting Policy/Program
 - Provide greater access to Port opportunities through education, events, and assistance
 - Expand supplier diversity
 - Develop tools and conduct assessments to measure and monitor inclusion in contracting
- ❑ Support construction business incubator in partnership with other public and private stakeholders



Promoting opportunity for Disadvantaged Businesses

Small Business 2019 Initiatives

\$ in 000's

	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>'19-'18 Change</u>
Technical Assistance/Outreach			
Construction Business Incubator	150	60	(90)
Port Gen/Mentoring/Contractor Assistance	75	75	0
Procurement Technical Assistance Center Sup	15	15	0
Marketing/ Communication/Design Services	15	5	(10)
Champion of Inclusion Recognition Event	20	10	(10)
Supplier Diversity and Program Evaluation			
OMWBE Certification	15	15	0
WMBE Best Practice and Implementation	50	50	0
Total	<u><u>340</u></u>	<u><u>230</u></u>	<u><u>(110)</u></u>

Balanced efforts in Small Business

Workforce Development

- ❑ Manage airport employment office in partnership with PortJobs
- ❑ Implement and Strengthen Regional Construction Trades Partnership
- ❑ Advance aviation career pathway training initiative
- ❑ Invest in regional Career Connected Learning initiative



Pedro Reynaga, Harbor Operations Intern

Advancing Workforce Development with an equity lens

Workforce Development 2019 Initiatives

\$ in 000's	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>'19-'18 Change</u>
Contracted Initiatives			
Airport Employment Center (contracted)	500	500	0
Airport Employment Center and Classroom	350	350	0
Employment Continuity Pool Program	75	60	(15)
Construction Trades - Regional Partnership Services, Pre-App	710	710	0
Total Contracted Initiatives	1,635	1,620	(15)
Developing Initiatives			
Airport Career Pathways Implementation	250	250	0
Maritime Career Exploration Initiative	250	250	0
K-12 Career Connected Learning	400	400	0
Total Developing Initiatives	900	900	0
Workforce Development Support	25	28	3
Total Workforce Development	2,560	2,548	(13)

Continued efforts in Workforce Development

Tourism

- ❑ Promote the cruise industry through outreach to travel influencers (trade and media) both domestically and in priority international markets (UK, Germany, China & Australia).
- ❑ Increase the value of tourism throughout Washington
 - Increase reach of Tourism Marketing Support Program
 - Enhance Airport Spotlight program
 - Use WeChat airport site to serve as portal for destinations in Washington.



Norwegian Bliss Marks Arrival of Larger Cruise Ships

Promoting Cruise, Extended Stays & Use of our Maritime and Aviation Facilities

Tourism 2019 Initiatives

\$ in 000's			
	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>'19-'18 Change</u>
New Requests			
Int. Representation & Work (Australia/China)		98	98
Continuing			
Adv/Marketing (WeChat, FT, Cruise)	142	133	(9)
Europe Representation & VS Sponsorship	410	275	(135)
Tourism Grants	200	200	0
London Trvl Show / Tourism Development	65	39	(26)
Fam Tours / New Service Inaugural Activity	62	83	21
Total	<u><u>879</u></u>	<u><u>828</u></u>	<u><u>(51)</u></u>

Focused on Increasing International and US Tourists to Region & State

Real Estate Management and Development

- ❑ Ground lease Des Moines Creek West property
- ❑ Initiate Bell Harbor Conference Center Modernization
- ❑ Manage real estate portfolio to generate positive NOI after depreciation and corporate allocations by year-end 2024.
- ❑ Complete design work on Gateway and Seattle Ship Supply buildings and get projects through the entitlement process
- ❑ Complete design work on Terminal 91 Uplands light industrial buildings and get projects started through entitlement process
- ❑ Develop a “second 25 years” renewal, replacement, and modernization strategy for the HQ facility.



Pier Two

Using our Real Estate & Capital Assets to Advance the Century Agenda

Real Estate Development 2019 Initiatives

\$ in 000's	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>'19-'18 Change</u>
Ongoing			
Appraisals	50	50	0
Development Advisory Consulting	250	250	0
Total	<u><u>300</u></u>	<u><u>300</u></u>	<u><u>0</u></u>

Initiatives centered on executing Real Estate Strategic Plan

EDD Admin 2019 Initiatives

\$ in 000's	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>'19-'18 Change</u>
Ongoing			
ED Partnership Grants	960	960	0
Membership: Economic Dev Council	100	100	0
Membership: Trade Dev Alliance	0	93	93
Promotional Hosting/Sponsorships	60	60	0
Opportunity Fund	500	500	0
Total	<u><u>1,620</u></u>	<u><u>1,713</u></u>	<u><u>93</u></u>

Continuation of ED Partnership Grants & additional public partnerships

Pier 69 Facilities 2019 Initiatives

\$ in 000's

	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>'19-'18 Change</u>
P69 Lobby Refresh expense portion	200	0	(200)
P69 Shuttle	0	200	200
Total	<u><u>200</u></u>	<u><u>200</u></u>	<u><u>-</u></u>

Managing changes in congestion

Full-Time Equivalents (FTEs)

<u>2018 Budget</u>	36.0
<u>2018 Changes</u>	
Elimination of Business Analyst, Small Business	(1.0)
Elimination of Manager, Small Business	(1.0)
Addition of Sr Administrative Assistant, Small Business	1.0
Adjusted 2018	35.0
<u>2019 Budget</u>	
Staff Additions:	
<i>WMBE Manager</i>	1.0
Net Change 2019	1.0
Proposed 2019 Budget	36.0

No Change in FTE

2019 Operating Divisions' Budget Timeline

2019 Business
Plan and CIP
Development

(May/June)

Budget
Development
Briefing

(June)

Budget
Briefing

(October 9th)

First Reading &
Public Hearing
for 2019 Budget

(Mid-November)

2nd Reading &
Final Passage of
2019 Budget

(Late November)

Will cover operating budget and capital budget

2019 Operating Division Budgets Appendix



AVIATION APPENDIX

Additional 2019 Budget Materials

Table of Contents

- 2019 FTE reconciliation
- O&M expense budget request details
- Details of budget request for planning
- Revenue budgets for Non-aeronautical business units
- Future CPE Comparison for 30 large hub airports

Details for operating and capital budget requests are in this appendix

2019 FTE Reconciliation

2019 Proposed Budget FTEs	FTEs	%
2018 Approved Budget	1040.41	
Lost & Found Staffing (LTD)	6.00	
Senior Art Program Manager (LTD)	1.00	
Customer Service Admin Assistant	1.00	
2018 Adjusted Baseline	1,048.41	0.8%
Proposed New FTEs:		
Limited Duration FTEs	5.00	0.5%
ORAT positions (LTD)	4.00	
Rodent Control Specialist (LTD)	1.00	
Emergency Hire FTEs	8.00	0.8%
Pathfinders (EH)	8.00	
New FTEs for Core Airport functions:	40.12	3.9%
Landside FTEs	3.00	
Commercial Management FTEs	3.12	
Airport Operations FTEs	1.00	
Terminal Operations FTEs	3.00	
Capital Development/Facilities & Infrastructure FTEs	2.00	
Customer Service FTEs	6.00	
Maintenance FTEs	13.00	
Fire Department FTEs	9.00	
New Intern FTEs - College/Graduate	0.75	0.1%
Proposed Increase in 2019 Budget FTEs	53.87	5.2%
2019 Budget Proposed FTEs	1,102.28	5.9%
plus: Central Services FTEs direct charged 100% to airport	37.75	
2019 Budget FTEs - in Aviation division budget	1,140.03	

- Chart shows total FTEs included in airport staffing study by ICF in 2017, including Central Services departments (Av F&B, AV Environmental Services, and Noise)

Summary of Budget Requests

Budget Request Category	# of Requests	2019 Budget Requests			
		FTEs	Baseline	Non-Recurring	Total
Employees	11	2.4	\$ 123,624	\$ 67,458	\$ 191,082
Customer Service	37	18.0	1,227,680	4,007,816	5,235,496
Facilities/Capacity	51	19.0	1,989,615	14,580,629	16,570,244
Financial	8	2.0	842,195	165,000	1,007,195
Safety	10	10.0	1,513,261	732,800	2,246,061
Community	2	-	77,000	-	77,000
Diversity	3	1.0	77,346	202,500	279,846
Sustainability	13	-	110,000	985,000	1,095,000
Partners	12	2.0	503,959	1,373,459	1,877,419
2019 Budget Requests - Total Proposed	147	54.4	\$ 6,464,681	\$ 22,114,662	\$ 28,579,343
2019 Budget Requests - Initial Requests	194	54.4	\$ 17,257,937	\$ 25,549,151	\$ 42,807,088

Century Agenda and Airport Priorities drive 2019 Budget Requests

Budget Requests: Employees

AV Priority	Problem/Need/Opportunity	Solution	2019 Budget Requests			
			FTEs	Baseline	Non-Reoccurring	Total
Employees	Absence of admin support for growing department	Fire Department - Admin Staff Assistant	1.0	\$ 40,320	\$ 2,500	\$ 42,820
		Hire an On-call Mail Messenger	0.1	4,004	-	4,004
		Package Tracking System	-	10,404	-	10,404
	Foster Employee Development and Leverage Talent	Airport Innovation Travel Budget Right-sizing	-	4,000	-	4,000
		AV Finance & Budget Additional Staff Training	-	-	28,666	28,666
		Host the 2019 AAAE Geospatial Conference	-	-	7,500	7,500
	Grow Port Intern Program	Art Collection College Intern	0.3	-	14,697	14,697
		AV Finance & Budget Graduate Intern	0.5	33,322	2,500	35,822
		Civil Engineering College Intern	0.3	15,568	2,500	18,068
		Graduate Intern in Museology Studies	0.3	16,006	1,000	17,006
	Reduce Occupational Injury Rate (OIR) and Days Away Severity Rate (DASR)	Workstation Ergonomics	-	-	8,095	8,095
	Employees Total			2.4	\$ 123,624	\$ 67,458

Budget requests driven by strategic priorities

Budget Requests: Customer Service

AV Priority	Problem/Need/Opportunity	Solution	2019 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Customer Service	Anticipate, Influence and Respond to Landside Mobility Shifts	Hire a Parking Services Representative	1.0	\$ 66,451	\$ -	\$ 66,451
	Expand and Upgrade Wireless Network Coverage and Indoor	Aira Annual Subscription	-	15,000	-	15,000
		Conduct Wireless Spectrum Analysis	-	-	25,000	25,000
	Facilities Cleanliness and Appearance	AOB Lobby Furniture - Refurb	-	-	25,000	25,000
		Art Handler Budget Increase	-	9,550	-	9,550
		Custodial Services in Transit Areas, Garage, and NE Cruise Lot	-	85,500	-	85,500
		Escalator Cleaning	-	99,000	-	99,000
		Hire a Custodial Shift Supervisor/Quality Assurance Technician	1.0	63,329	3,500	66,829
		Restroom Ambient Scent System	-	-	16,426	16,426
	Improve Customer Understanding at Security Checkpoints	Hire four (4) Pathfinders to interact with TSA, Airlines and other tenants	4.0	182,616	13,200	195,816
	Make Sea-Tac "Gateway Of Choice"	Customer Service Start-Up Contract Year Three	-	-	68,000	68,000
		Sea-Tac Branding	-	-	350,000	350,000

Budget requests driven by strategic priorities

Budget Requests: Customer Service

AV Priority	Problem/Need/Opportunity	Solution	2019 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Customer Service	Provide Real-Time Airport-Related Information to Customers Seven Days Per Week	Acquire New Features and Capabilities in the Map SDK (Smartphone App)	-	-	100,000	100,000
		Aviation Telephone Call Center	-	65,000	-	65,000
		Customer Communications real-time messaging, printed material production and language translations	-	50,000	-	50,000
		Expand Indoor Navigation Infrastructure	-	24,000	56,000	80,000
		Phone Tree Enhancements	-	30,000	-	30,000
		STS Info System Graphic Support	-	50,000	-	50,000
		Rightsizing to Reflect Current Staffing Level	Customer Care Department Right-Sizing	-	5,365	-
	Customer Experience & Communication Department Right-Sizing		-	12,000	-	12,000
	Customer Service Department Right-Sizing		-	47,340	-	47,340
	Non-Payroll Standard FTE Package for existing vacant position (Cust Comm Splst)		-	6,550	-	6,550
	Right-size Sr. Art Manager Non-Payroll		-	-	6,855	6,855

Budget requests driven by strategic priorities

Budget Requests: Customer Service

AV Priority	Problem/Need/Opportunity	Solution	2019 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Customer Service	Wayfinding/Processing Passengers	Hire a Landside Supervisor	1.0	52,905	3,300	56,205
		Hire a Signing Graphics Specialist	1.0	55,246	3,000	58,246
		Hire eight (8) emergency pathfinders	8.0	-	245,235	245,235
		Portable Induction Loop Hearing Aid System	-	-	15,000	15,000
		Rental Car Facility Curbside Assistance	-	120,000	-	120,000
		Seasonal Customer Service Staff	-	-	2,500,000	2,500,000
		Signage and Wayfinding Master Plan	-	-	400,000	400,000
		Wheelchair Services Right-Sizing	-	23,000	-	23,000
	Equip Employees with The Skills and Knowledge to Deliver Exceptional Customer Service	Airport-wide Mystery Shopper Program Planning & Benchmark Study	-	-	100,000	100,000
		Continue Customer Service contract funding to support training and program development	-	-	74,000	74,000
		Contract training for AV SEA frontline staff	-	25,000	-	25,000
		Customer Service course (WE ARE) training materials	-	20,000	-	20,000
		Hire a Customer Communications Specialist	1.0	61,549	3,300	64,849
		Hire a Volunteer Coordinator	1.0	58,280	-	58,280
Customer Service Total			18.0	\$ 1,227,680	\$ 4,007,816	\$ 5,235,496

Budget requests driven by strategic priorities

Budget Requests: Facilities/Capacity

AV Priority	Problem/Need/Opportunity	Solution	2019 Budget Requests			
			FTEs	Baseline	Non-Reoccurring	Total
Facilities/Capacity	Meet the Maintenance Needs and Standards of the Existing Facilities Under Increasing Demand	Add to Grease Interceptor - Sewer Clearing Budget	-	\$ 90,000	\$ -	\$ 90,000
		Alternative Utility Facilities - Cummins Service Agreement	-	75,000	-	75,000
		Cleaning and Protection of Cellantano Painting	-	-	60,000	60,000
		Compactor Maintenance and Repair	-	58,000	-	58,000
		Conference Center AV System Maintenance	-	19,102	-	19,102
		Elevator & Escalator Repairs Expense Budget Increase	-	150,000	-	150,000
		Hire a AVM Asset Management Analyst	1.0	63,329	3,500	66,829
		Hire a Boiler Room (BLRM)	1.0	65,687	3,000	68,687
		Hire a Boiler Room Capital (BLRM)	1.0	65,687	3,000	68,687
		Hire a Bus-Automotive Mechanic	1.0	76,396	3,000	79,396
		Hire a Civil Engineer	1.0	83,055	3,460	86,515
		Hire a Conveyor (CONV)	1.0	64,047	3,000	67,047
		Hire a Field Crew Garage	1.0	42,626	3,000	45,626
		Hire two (2) Electronic Technicians	2.0	126,882	11,000	137,882
Hire two (2) Passenger Loading Bridge FTEs	2.0	130,006	6,000	136,006		
Hire two (2) wireman for Utility Metering	2.0	147,979	11,000	158,979		

Budget requests driven by strategic priorities

Budget Requests: Facilities/Capacity

AV Priority	Problem/Need/Opportunity	Solution	2019 Budget Requests			
			FTEs	Baseline	Non-Reoccurring	Total
Facilities/Capacity	Meet the Maintenance Needs and Standards of the Existing Facilities Under Increasing Demand	Maint & Repair Expense Budget Increase - RCF	-	68,000	-	68,000
		Maintenance Materials Expense Budget Increase - Baggage Systems	-	80,000	-	80,000
		Parking Garage Concrete Distress Repairs	-	-	50,000	50,000
		Purchase 2018 ICC Books for the Building Department	-	-	11,252	11,252
		Quality Assurance (Q&A) Inspection Software for Operations and ADR Upgrade/Replacement	-	-	120,000	120,000
		Small Works Expense Budget Increase	-	130,000	-	130,000
		State Building Code Council Payment	-	3,500	-	3,500
		Telecommunications Delivery System Upgrade	-	-	200,000	200,000
		Used Cooking Oil Tank Maint and Repair	-	13,000	-	13,000
		Watermain Labeling & Leak Detection	-	50,000	-	50,000
	Rightsizing to Reflect Current Staffing Level	Fuel Expense Budget Increase	-	180,000	-	180,000
		Phone Purchases and cell service - Right-sizing budget	-	7,500	-	7,500

Budget requests driven by strategic priorities

Budget Requests: Facilities/Capacity

AV Priority	Problem/Need/Opportunity	Solution	2019 Budget Requests			
			FTEs	Baseline	Non-Recurring	Total
Facilities/Capacity	Strategic Asset Management	Asset Management Gap Assessment Implementation	-	-	1,000,000	1,000,000
		Completion of Asset Management Gap Assessment	-	-	50,000	50,000
		Critical Asset Monitoring - IoT (Internet of Things)	-	-	90,000	90,000
	Pest Control & Waste Management	Hire a Rodent Control Specialist (2 year limited duration)	1.0	-	97,875	97,875
		Integrated Pest Management	-	-	800,000	800,000
		Ongoing Solid Waste System Improvements	-	90,000	-	90,000
		Waste Receptacle Replacement	-	-	175,000	175,000
	Planning for Future Facilities Needs	Airfield-Airspace Study	-	-	1,000,000	1,000,000
		Executive Program Management	-	-	1,620,000	1,620,000
		Hire a Project Development Manager	1.0	78,820	3,300	82,120
		Infrastructure Systems Master Planning	-	-	2,000,000	2,000,000
		Long-Term Aviation Office Facility Plans	-	-	100,000	100,000
		On Call project planning providing project planning definition with conceptual design	-	-	650,000	650,000
		On-Call Planning	-	-	1,500,000	1,500,000
SR 518 Corridor Study	-	-	350,000	350,000		

Budget requests driven by strategic priorities

Budget Requests: Facilities/Capacity

AV Priority	Problem/Need/Opportunity	Solution	2019 Budget Requests			
			FTEs	Baseline	Non-Reoccurring	Total
Facilities/Capacity	Complete the Sustainable Airport Master Plan	Follow On Planning/Project definition for SAMP near-term projects	-	-	2,500,000	2,500,000
		SAMP Environmental	-	-	300,000	300,000
		Sustainable Airport Master Plan (SAMP) Environmental Review and Permitting	-	-	1,600,000	1,600,000
	Implement Operational Readiness and Airport Transition (ORAT)	Hire a limited duration ORAT employee for Public Affairs	1.0	-	64,987	64,987
		Hire a limited duration ORAT Specialist/Admin	1.0	-	58,280	58,280
		Hire two (2) limited duration ORAT specialists	2.0	-	129,974	129,974
		ORAT Promotional Hosting	-	10,000	-	10,000
		Right-sizing Travel Budget for Operational Readiness and Activation Department (New)	-	21,000	-	21,000
Facilities/Capacity Total			19.0	1,989,615	14,580,629	16,570,244

Budget requests driven by strategic priorities

Budget Requests: Safety

AV Priority	Problem/Need/Opportunity	Solution	2019 Budget Requests			
			FTEs	Baseline	Non-Reoccurring	Total
Safety	Continuously Improve Safety of Airport Operations Area	Certified Service Provider Program (CSPP) implementation	-	\$ -	\$ 200,000	\$ 200,000
		Fire Department - Bunker Gear Purchase	-	-	79,700	79,700
		Hire an Airfield ADM	1.0	76,461	2,500	78,961
		Hire eight (8) fire fighters	8.0	1,244,313	62,300	1,306,613
	Facility Life-Safety Enhancements	Airport Exit Sign Evaluation	-	-	160,000	160,000
		Perform Smoke Control Testing	-	50,000	-	50,000
	Implement Safety Management System	Hire a Safety Management System (SMS) Specialist	1.0	67,487	3,300	70,787
		SMS E-learning & VR training program development	-	-	150,000	150,000
	Other	Arc Flash Ongoing Work	-	75,000	-	75,000
		Arc Flash Study	-	-	75,000	75,000
Safety Total			10.0	\$ 1,513,261	\$ 732,800	\$ 2,246,061

Budget requests driven by strategic priorities

Budget Requests: Financial, Community, Diversity

AV Priority	Problem/Need/Opportunity	Solution	2019 Budget Requests			
			FTEs	Baseline	Non-Reoccurring	Total
Financial	Keep Airline Costs Competitive Through Increasing Non-Aeronautical Revenue	Consultant Duty Free Expansion Planning	-	\$ -	\$ 100,000	\$ 100,000
		Hire a Property Manager	1.0	64,282	2,500	66,782
		Hire a Yield Management Analyst	1.0	69,913	2,500	72,413
		Parking Pre Booking Expenses	-	390,000	60,000	450,000
		Parking Ticket Stock	-	15,000	-	15,000
	Rightsizing to reflect current usage level	Additional Garbage Disposal expenses at transit operations center	-	8,000	-	8,000
		Garage Architectural Maintenance	-	200,000	-	200,000
		New Recycling Surcharge	-	95,000	-	95,000
Financial Total			2.0	\$ 842,195	\$ 165,000	\$ 1,007,195
Community	Airport Noise Mitigation and Community Outreach	Noise Consulting Services	-	\$ 51,000	\$ -	\$ 51,000
		PlaneNoise Complaint Handling System Annual Subscription	-	26,000	-	26,000
		Community Total			-	\$ 77,000
Diversity	Promote Small Business	ACDBE Disparity Study	-	\$ -	\$ 125,000	\$ 125,000
		ADR Business Manager-Small Business Initiative	1.0	77,346	2,500	79,846
		Consulting Services for FAA ACDBE Tri-Annuals Goals and Reporting	-	-	75,000	75,000
		Diversity Total			1.0	\$ 77,346

Budget requests driven by strategic priorities

Budget Requests: Sustainability

AV Priority	Problem/Need/Opportunity	Solution	2019 Budget Requests				
			FTEs	Baseline	Non-Reoccurring	Total	
Sustainability	Be the Greenest and Most Energy-Efficient Port in North America	Complete renewable energy source study started 2018	-	\$ -	\$ 30,000	\$ 30,000	
		Digital Lighting Standards	-	-	200,000	200,000	
		Energy Conservation Assessment	-	-	150,000	150,000	
		Ground Transportation Alternatives Program Implantation	-	-	75,000	75,000	
		Implement Sustainable Aviation Fuels (SAF) workplan	-	-	125,000	125,000	
		LED Lighting Upgrades	-	20,000	-	20,000	
		Water Conservation Assessment	-	-	150,000	150,000	
	Environmental Compliance	Complete 2018 BOD Study	-	-	15,000	15,000	
		Complete Airport's 5-year NPDES Permit Renewal Application	-	-	100,000	100,000	
		Flight Corridor Safety Program Habitat Management	-	60,000	-	60,000	
		Sanitary Sewer BOD Monitoring	-	30,000	-	30,000	
	Implement Clean-Up Projects Across the Port	Contaminated Site Management - PFAS	-	-	65,000	65,000	
	Meet or Exceed Requirements for Stormwater Leaving Port-Owned or Operated Facilities	Technical Support for IWS Deicing Management Study	-	-	75,000	75,000	
	Sustainability Total			-	\$ 110,000	\$ 985,000	\$ 1,095,000

Budget requests driven by strategic priorities

Budget Requests: Partners

AV Priority	Problem/Need/Opportunity	Solution	2019 Budget Requests				
			FTEs	Baseline	Non-Reoccurring	Total	
Partners	Air Service Development	New Air Service Incentives	-	\$ -	\$ 1,100,000	\$ 1,100,000	
	Assure Airport Operational Continuity and Interoperability Via 24/7/365 Situational Awareness	Hire an Airline Scheduling Coordinator	1.0	67,487	3,300	70,787	
		Increasing Volume	Airline Forum Registration Costs	-	13,000	-	13,000
		Custodial Waste Collection Pilot	-	-	100,000	100,000	
		Employee-wide Sanitation Training; Human Factor Trainging, SMS Awareness/Driver Training	-	-	100,000	100,000	
		Hire a temporary Load Dock Coordinator	-	-	60,159	60,159	
		Hire an Employee Operations Bus Driver	1.0	44,472	-	44,472	
		Portable Restrooms	-	320,000	-	320,000	
	Partners' Employee Services	Cell Charges GPS Employee Parking	-	16,000	-	16,000	
		Cell Charges GPS Rental Cars	-	25,000	-	25,000	
		Complete Circadian Lighting Study Starting 2018	-	-	10,000	10,000	
		External airport Learning Management System (AAAE IET Training Platform Enhancement)	-	18,000	-	18,000	
	Partners Total			2.0	\$ 503,959	\$ 1,373,459	\$ 1,877,419

Budget requests driven by strategic priorities

2019 Planning Budget Details

2019 Proposed Advanced Planning and On-Call Planning (\$000)		2019 Proposed On-call Planning Detail (\$000)	
Advanced Planning Detail	2,500	Aviation Planning	1,500
Project Management Team	337	GTAP Follow-on Support	600
Main Terminal Optimization Plan	385	Express Bus Study	400
T2 - North Gates, bridge & tunnel connections, processor refinements, etc.	577	Landscape Master Plan	100
Implementation Plan - schedule/phasing, cost estimates	481	Airfield	80
North Airfield & Grading Plan	433	Terminal	120
North East GT Lot	288	Landside	80
		Off-Airport Properties	120
On-call Planning (detail in next box)	2,150	Capital Program Management	650
		Airline Realignment - 2021 Planning	150
		Concourse B/C/D HVAC Upgrades, Smoke Control Planning	150
		P3 Feasibility Assessment	300
		Pop-up On-call	50
Total Advanced Planning and On-call Planning	4,650	Total On-Call Planning	2,150

2019 Budget Request detail for \$4.65M Advance Planning

Public Parking

Public Parking - Revenue Detail	2016	2017	2018	2018	2019	Budget Change		Budget vs Forecast	
\$ in 000's	Actual	Actual	Budget	Forecast	Budget	\$	%	\$	%
<u>Parking Garage Revenue to Port</u>									
Gross Sales - Parking Garage	73,707	81,404	87,112	87,015	89,569	2,457	3%	2,554	2.9%
less - WA Sales Tax	(6,081)	(6,818)	(7,102)	(7,358)	(7,455)	(353)	5%	(97)	1.3%
less - SeaTac Parking Tax	(4,212)	(6,563)	(7,196)	(7,274)	(7,560)	(364)	5%	(286)	3.9%
Revenue to Port - General Parking	63,414	68,024	71,022	72,383	74,554	3,532	5%	2,171	3.0%
<u>Other Garage Revenue Programs</u>									
Corporate Premier Parking Program	594	958	976	1,211	1,247	271	28%	36	3.0%
Passport Parking Program	2,749	2,977	3,356	3,233	3,330	(25)	-1%	97	3.0%
Revenue to Port - Parking Programs	3,344	3,934	4,331	4,444	4,578	246	6%	133	3.0%
Total Parking Garage Revenue	66,758	71,958	75,353	76,827	79,132	3,778	5%	2,304	3.0%
<u>Other Parking Revenue</u>									
Concession Rent - Doug Fox off-site parking	2,751	3,109	3,200	3,200	3,200	-	0%	-	0.0%
Space Rent and Other Parking Revenue	32	25	19	19	19	0	0%	0	0.0%
Total Parking Revenue	69,540	75,093	78,572	80,046	82,350	3,778	4.8%	2,304	2.9%
Enplanements	2016	2017	2018	2018	2019	Budget Change		Budget vs Forecast	
in 000's	Actual	Actual	Budget	Forecast	Budget	#	%	#	%
Total Enplanements	22,796	23,416	24,654	24,654	25,394	740	3.0%	740	3.0%
O&D %	69.4%	70.3%	69.2%	70.3%	70.3%	0	1.6%	-	0.0%
O&D Enplanements	15,821	16,461	17,061	17,332	17,852	791	4.6%	520	3.0%
Garage Revenue per O&D Enplanement	\$ 4.22	\$ 4.37	\$ 4.42	\$ 4.43	\$ 4.43	\$ 0.02	0.4%	\$ (0.00)	0.0%

Parking growth consistent with enplanement growth

Rental Cars

Rental Car - Revenue Detail # and \$ in 000's	2014	2015	2016	2017	2018	2018	2019	Budget Change		Budget vs Forecast	
	Actual	Actual	Actual	Actual	Budget	Forecast	Budget	\$	%	\$	%
RCF Concession Revenue to Port	28,955	30,662	33,465	31,352	31,508	31,299	30,991	(518)	-1.6%	(308)	-1.0%
Total Enplanements	18,717	21,109	22,796	23,416	24,654	24,654	25,394	740	3.0%	740	3.0%
O&D %	73.8%	69.8%	69.4%	70.3%	69.2%	70.3%	70.3%	1.1%	1.6%	-	0.0%
O&D Enplanements	13,813	14,734	15,821	16,461	17,061	17,332	17,852	791	4.6%	520	3.0%
Gross Sales by Operators	281,884	302,372	310,987	313,654	315,083	312,987	309,906	(5,178)	-1.6%	(3,081)	-1.0%
Total Transactions	1,289	1,390	1,411	1,388	1,437	1,395	1,384	(54)	-3.7%	(12)	-0.8%
Average Ticket	\$218.64	\$217.51	\$220.42	\$226.03	\$219.22	\$224.33	\$224.00	0	2.2%	(\$0.33)	-0.1%
Average Length of Stay	4.31	4.34	4.34	4.37	4.37	4.38	4.37	-	0.0%	(0.00)	-0.1%
Transactions/O&D Enplanements	8.15%	9.44%	8.92%	8.43%	8.42%	8.05%	7.75%	(0)	-8.0%	-0.30%	-3.7%
CFC Revenue Summary											
Total Transaction Days	5,554	6,039	6,129	6,067	6,287	6,109	6,052	(235)	-3.7%	(57)	-0.9%
CFC Rate per Transaction Day	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	-	0.0%	\$0.00	0.0%
Total CFC Revenue Earned	33,554	36,206	36,830	36,261	37,723	36,655	36,311	(1,412)	-3.7%	(344)	-0.9%
Reserve for debt service and CP interest	(19,946)	(20,543)	(21,708)	(22,621)	(22,161)	(22,003)	(23,481)	1,321	6.0%	1,479	6.7%
Reserve for CP principal payment:	-	(3,000)	(3,000)	(3,000)	-	-	-	-	NA	-	NA
Debt Service Reserve Requirement	(19,946)	(23,543)	(24,708)	(25,621)	(22,161)	(22,003)	(23,481)	1,321	6.0%	1,479	6.7%
Residual - CFC Operating Revenue:	13,608	12,663	12,122	10,641	15,563	14,653	12,830	(2,733)	-17.6%	(1,823)	-12.4%
Rental Car - Revenue Summary											
# and \$ in 000's	Actual	Actual	Actual	Actual	Budget	Forecast	Budget	\$	%	\$	%
RCF Concession Revenue to Port	28,955	30,662	33,465	31,352	31,508	31,299	30,991	(518)	-1.6%	(308)	-1.0%
Residual - CFC Operating Revenue:	13,608	12,663	12,122	10,641	15,563	14,653	12,830	(2,733)	-17.6%	(1,823)	-12.4%
Land Rent/Space Rent/Other	3,541	3,189	3,617	3,699	3,786	3,786	3,788	3	0.1%	3	0.1%
Total Rental Cars Operating Revenue	46,104	46,515	49,203	45,691	50,857	49,737	47,609	(3,248)	-6.4%	(2,128)	-4.3%

Transactions per O&D enplanement continue to decline, higher debt service puts additional downward pressure on CFC

Ground Transportation

Revenue to Port							Budget Change		Budget vs Forecast	
\$ in 000's	2016	2017	2018	2018	2019					
	Actual	Actual	Budget	Forecast	Budget	\$	%	\$	%	
Ground Transportation Revenues										
Transportation Network Companies	3,222	6,940	8,122	10,080	11,574	3,452	42.5%	1,494	14.8%	
On Demand Taxis	5,045	5,199	4,591	4,307	4,176	(415)	-9.0%	(131)	-3.0%	
On Demand Limos	869	858	855	849	842	(13)	-1.5%	(7)	-0.8%	
Belled In Taxis (Annual Permit)	159	45	108	35	43	(65)	-60.2%	8	24.0%	
Pre-Arranged Limos (Annual Permit)	496	626	603	628	815	212	35.1%	187	29.8%	
Courtesy Cars (cost recovery)	2,039	1,319	1,909	1,763	2,477	568	29.8%	714	40.5%	
All other Operators (cost recovery)	669	360	433	361	393	(40)	-9.3%	32	8.8%	
Other Misc Revenues	305	337	264	378	264	(0)	0.0%	(114)	-30.2%	
Total GT Revenue	12,803	15,684	16,884	18,401	20,584	3,700	21.9%	2,183	11.9%	
Trip Activity							Budget Change		Budget vs Forecast	
in 000's	2016	2017	2018	2018	2019					
	Actual	Actual	Budget	Forecast	Budget	#	%	#	%	
Ground Transportation Trips										
Transportation Network Companies	602	1,277	1,354	1,678	1,929	575	42.5%	251	14.9%	
On Demand Taxis	827	750	765	718	696	(69)	-9.0%	(22)	-3.0%	
On Demand Limos	74	72	71	69	67	(3)	-4.7%	(2)	-2.9%	
Belled In Taxis (Annual Permit)	195	56	52	18	18	(34)	-65.9%	(0)	-1.9%	
Pre-Arranged Limos (Annual Permit)	369	337	325	345	344	19	5.9%	(1)	-0.2%	
Courtesy Cars (cost recovery)	1,197	1,175	1,211	1,174	1,160	(51)	-4.2%	(14)	-1.2%	
All other Operators (cost recovery)	95	79	78	57	57	(22)	-27.6%	(0)	-0.7%	
Total GT Trip Activity	3,454	3,825	3,934	4,116	4,328	394	10.0%	212	5.1%	

Strong growth in TNC volume continues into 2019

Airport Dining & Retail and Terminal Leased Space

Airport Dining & Retail and Terminal Leased Space <i>Org Basis (in 000's)</i>	2014	2015	2016	2017	2018	2018	2019	Budget Change		Budget vs. Forecast	
	Actual	Actual	Actual	Actual	Budget	Forecast	Budget	\$	%	\$	%
ADR Revenue											
Food & Beverage ¹	15,223	17,427	21,314	21,579	21,700	21,700	23,780	2,081	9.6%	2,081	9.6%
Retail ¹	11,213	12,127	13,496	13,989	14,344	16,044	15,445	1,101	7.7%	(599)	-3.7%
Duty Free ¹	6,664	6,769	6,265	6,912	7,251	7,251	7,497	246	3.4%	246	3.4%
Personal Services ¹	3,201	3,548	3,657	3,728	3,809	3,809	3,785	(24)	-0.6%	(24)	-0.6%
Advertising	5,815	6,460	6,725	6,662	6,021	6,680	6,896	874	14.5%	216	3.2%
Space Rental - Terminal	3,483	4,629	5,190	5,641	5,664	6,121	6,026	362	6.4%	(95)	-1.5%
All other revenue	476	477	605	469	300	377	481	181	60.4%	104	27.6%
Total ADR & Terminal Lease Revenue	46,076	51,437	57,252	58,980	59,087	61,980	63,909	4,822	8.2%	1,929	3.1%
Expenses											
ADR & Terminal Leased Space	1,862	2,569	2,241	1,962	2,163	2,508	2,561	398	18.4%	54	2.1%
Income from Operations	44,214	48,868	55,010	57,018	56,924	59,472	61,348	4,423	7.8%	1,876	3.2%
Sales per Enplanement											
SPE - Food & Beverage	\$6.46	\$6.48	\$7.23	\$7.18	\$6.93	\$6.93	\$7.46	\$0.53	7.6%	\$0.53	7.6%
SPE - Retail Sales	\$4.10	\$3.92	\$3.86	\$4.07	\$4.03	\$4.16	\$3.87	(\$0.17)	-4.2%	(\$0.30)	-7.2%
SPE - Duty Free	\$1.12	\$0.96	\$0.89	\$0.91	\$0.90	\$0.90	\$0.91	\$0.01	0.9%	\$0.01	0.9%
SPE - Personal Services	\$1.17	\$1.08	\$1.00	\$0.95	\$0.90	\$0.90	\$0.89	(\$0.01)	-1.4%	(\$0.01)	-1.4%
SPE - Airport Dining & Retail	\$12.84	\$12.45	\$12.98	\$13.12	\$12.76	\$12.89	\$13.12	\$0.35	2.8%	\$0.22	1.7%
Concession Revenue ¹ per Enplanement	\$1.94	\$1.89	\$1.96	\$1.97	\$1.91	\$1.98	\$2.03	\$0.12	6.3%	\$0.05	2.6%

Strong Revenue Growth continues in 2019 with the opening of 20 new full and quick service dining units

Non Aero Commercial Properties

Non-Aero Commercial Properties <i>Org Basis (in 000's)</i>	2016	2017	2018	2018	2019	Budget Change		Forecast Change	
	Actual	Actual	Budget	Forecast	Budget	\$	%	\$	%
Revenue Source									
NEW DEVELOPMENT PARCELS									
DMCBP Land Rents - all (3) phases	471	1,079	1,203	1,542	1,573	370	30.7%	31	2.0%
DMCBP In Lieu - 7yr repayment schedule (Phase I & III)	318	445	482	482	522	40	8.3%	40	8.3%
DMCBP In Lieu - lump sum payment (Phase II)	-	5,434	-	-	-	-	n/a	-	n/a
Subtotal DMCBP:	789	6,958	1,685	2,024	2,095	410	24.3%	71	3.5%
NERA 2 Land Rent	-	15	248	248	268	20	8.3%	20	8.3%
NERA 3 Land Rent	-	42	678	678	734	56	8.3%	56	8.3%
DMC-North Land Rent	-	-	61	63	593	531	868.7%	530	844.1%
DMC-West Land Rent	-	-	-	-	-	-	n/a	-	n/a
Owner Liaison Reimbursement - various properties	-	-	60	85	25	(35)	-58.3%	(60)	-70.6%
Subtotal New Development revenue:	789	7,015	2,732	3,098	3,715	982	36.0%	617	19.9%
In-Flight Kitchen Revenue	7,025	7,827	8,054	8,554	8,664	610	7.6%	110	1.3%
Burien NERA 3 FAA Pilot Program grant	908	1,402	2,070	1,734	-	(2,070)	-100.0%	(1,734)	-100.0%
All Other Commercial Properties Revenue	1,271	1,798	1,850	1,850	1,841	(10)	-0.5%	(10)	-0.5%
TOTAL - ORG 3630 Revenue	9,992	18,042	14,706	15,236	14,219	(487)	-3.3%	(1,016)	-6.7%
Operating Expenses									
DMCBP frontage fee amort - 7yr pymt (Phase I & III)	271	346	346	346	346	0	0.0%	0	0.0%
DMCBP frontage fee amort. - lump sum (Phase II)	-	3,578	-	-	-	-	n/a	-	n/a
Owner Liaison expense - various properties	-	-	60	85	25	(35)	-58.3%	(60)	-70.6%
Subtotal New Development expense:	271	3,924	406	431	371	(35)	-8.6%	(60)	-13.9%
Burien NERA 3 FAA Pilot - grant eligible expenses	987	1,598	2,300	1,927	-	(2,300)	-100.0%	(1,927)	-100.0%
All Other Commercial Properties expenses	434	406	554	554	308	(247)	-44.5%	(247)	-44.5%
TOTAL - ORG 3630 Expense	1,692	5,928	3,260	2,912	679	(2,582)	-79.2%	(2,233)	-76.7%
Income from Operations	8,300	12,114	11,446	12,324	13,541	2,095	18.3%	1,217	9.9%

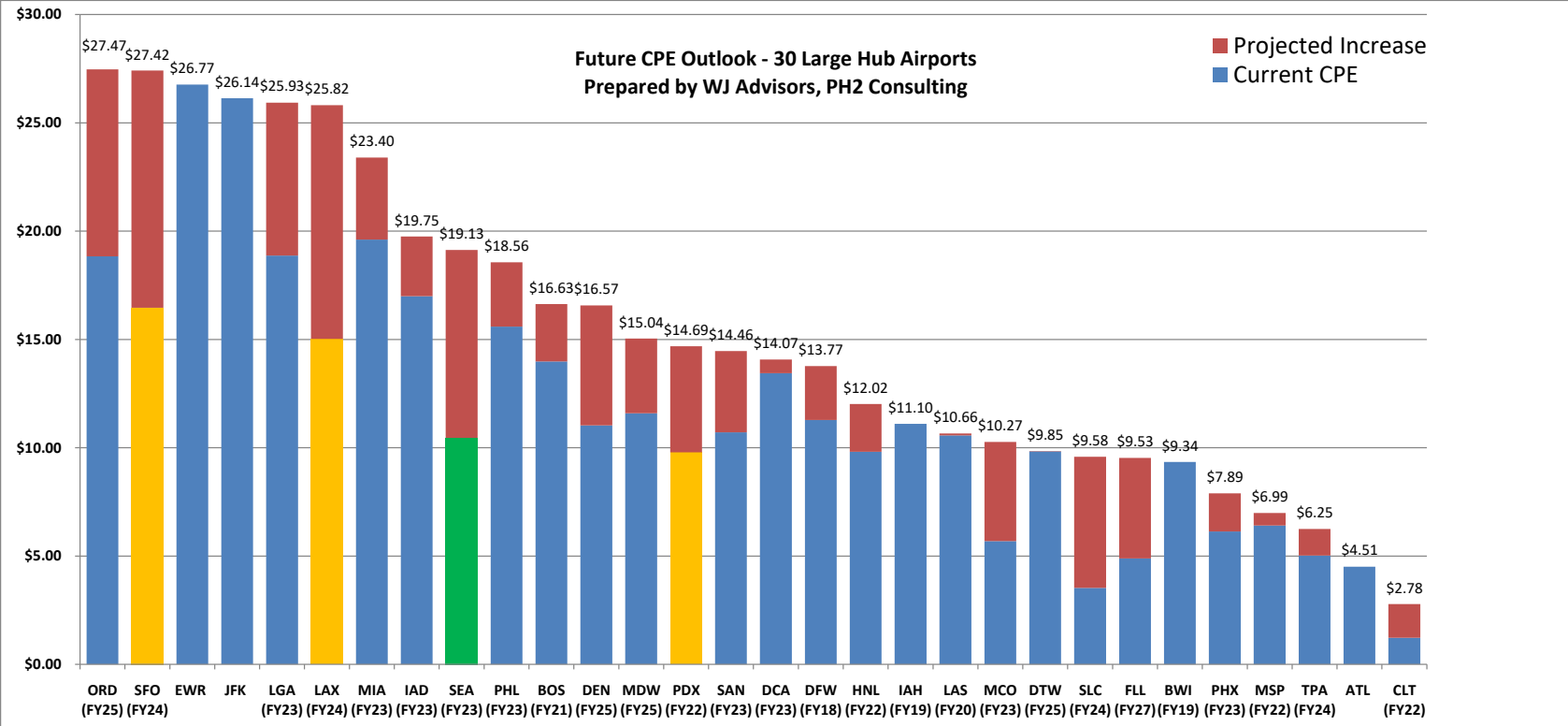
NERA FAA grant ended in 2018; New RE development primary driver of revenue growth

Clubs and Lounges

Clubs & Lounges <i>Org Basis (in 000's)</i>	2014	2015	2016	2017	2018	2018	2019	Budget Change		Forecast Change	
	Actual	Actual	Actual	Actual	Budget	Forecast	Budget	\$	%	\$	%
Revenue											
Clubs & Lounges Operating Revenue	1,518	2,392	3,028	5,041	5,630	5,830	8,520	2,890	51.3%	2,690	46.1%
Total Revenue	1,518	2,392	3,028	5,041	5,630	5,830	8,520	2,890	51.3%	2,690	46.1%
Expenses											
Clubs & Lounges Operating Expense	614	927	1,079	1,598	1,866	1,866	2,780	913	48.9%	913	48.9%
Base Management Fee	88	159	182	182	182	182	182	-	0.0%	-	0.0%
Incentive Management Fee	73	26	83	103	174	174	229	55	31.8%	55	31.8%
All other expense	32	30	73	76	84	84	128	43	51.3%	43	51.3%
Total Expense	806	1,142	1,418	1,959	2,307	2,307	3,319	1,012	43.9%	1,012	43.9%
Income from Operations	711	1,250	1,609	3,081	3,323	3,523	5,201	1,878	56.5%	1,678	47.6%

Airport lounges continue to grow – increased volume drives extended hours of operation

Future CPE Comparison: 30 Large Hub Airports



Many airports anticipate rising CPEs

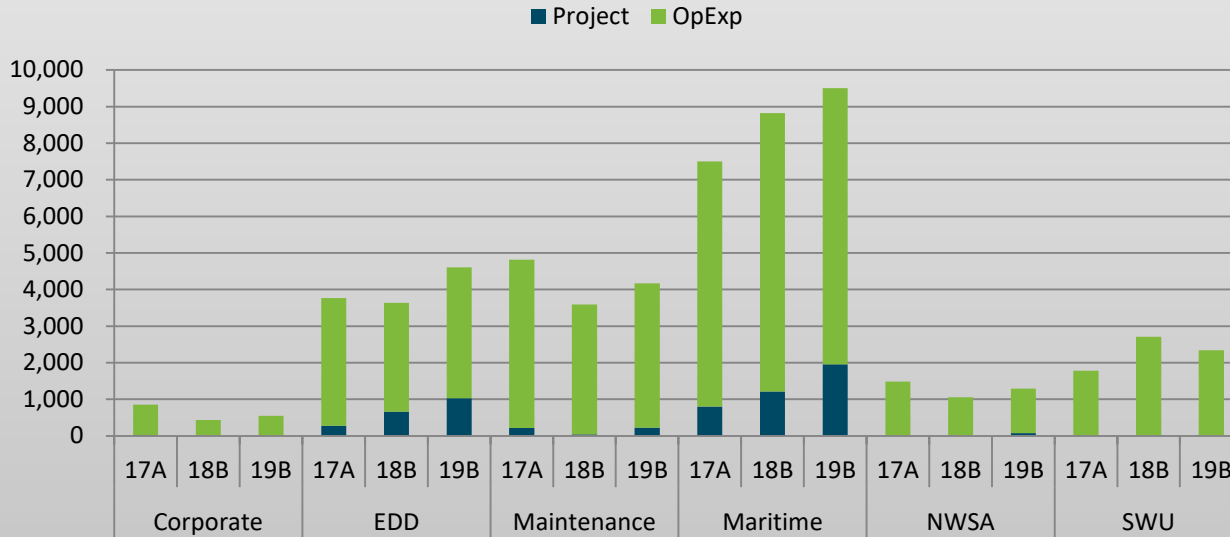


MARITIME APPENDIX

Additional 2019 Budget Materials

Marine Maintenance

\$ in 000s	2017	2018	2018	2019	Budget to Budget		Budget to Forecast	
	Actual	Budget	Forecast	Budget	\$	%	\$	%
Project Expense	1,323	1,924	1,539	3,286	1,362	71%	1,746	113.5%
Operating Expense	18,873	18,304	20,454	19,171	867	5%	(1,283)	-6.3%
Total Maintenance	20,196	20,228	21,993	22,457	2,228	11%	464	2.1%



- Assumes 4% increase in labor cost
- Materials also increasing
- Goal to improve project tracking for more accurate cost allocation

Improvement in identifying project work

Marine Maintenance

\$ in 000's

	<u>2019 Budget</u>	<u>%</u>
New Requests - One-Time or Phased Work		
EDD Portfolio Management	722	22%
Fishing & Operations	655	20%
Rec Boating	504	15%
P69 Facilities	305	9%
Cruise	294	9%
MD Portfolio Management	257	8%
Maintenance	227	7%
MD Admin	130	4%
Parks	113	3%
NWSA Container	40	1%
NWSA Non-Container	38	1%
Total	<u>3,286</u>	<u>100%</u>

One-Time expense focus