

START OF TRANSCRIPT

[00:00:27] THIS IS COMMISSION PRESIDENT FRED
[00:00:30] FELLEMAN CALLING TO ORDER THE SPECIAL
[00:00:31] MEETING OF OCTOBER 12, 2021. THE TIME
[00:00:35] NOW IS 832, AND WE'RE MEETING REMOTELY
[00:00:38] TODAY VIA TEAMS TO COMPLY WITH SENATE
[00:00:41] CONCURRENT RESOLUTION 8402 AND
[00:00:43] IN ACCORDANCE WITH GOVERNOR INSLEE
[00:00:45] PROCLAMATION 2028. THIS IS A STUDY
[00:00:48] SESSION OF THE COMMISSION REGARDING THE
[00:00:49] 2022 AVIATION DIVISION OPERATING IN
[00:00:52] CAPITAL BUDGETS. PRESENT WITH ME TODAY
[00:00:55] ARE COMMISSIONERS BOWMAN, CALKINS CHO,
[00:00:57] AND STEINBRUECK. I'LL ASK THAT WE DO A
[00:01:00] ROLL CALL OF ALL COMMISSIONERS TO ASSURE
[00:01:02] EVERYONE IS ONLINE. CLERK HART, PLEASE
[00:01:04] CALL THE ROLL. THANK YOU. BEGINNING WITH
[00:01:06] COMMISSIONER BOWMAN PRESENT. THANK YOU,
[00:01:10] COMMISSIONER CALKINS HERE.
[00:01:13] THANK YOU, COMMISSIONER CHO PRESENT
[00:01:16] THANK YOU, COMMISSIONER STEINBRUECK.
[00:01:19] THANK YOU, COMMISSIONER FELLEMAN,
[00:01:21] PRESENT. THANK YOU. YOU HAVE ALL
[00:01:23] COMMISSIONERS AND ATTENDANCE THIS
[00:01:25] MORNING. WELL, THANK YOU, CLERK HART,
[00:01:28] AND THANK YOU MEMBERS OF THE COMMISSION
[00:01:29] STAFF AND OUR LISTENING PUBLIC ON TEAMS
[00:01:32] FOR JOINING US ALL TODAY. I'LL ASK ALL
[00:01:34] PARTICIPANTS TO REMAIN MUTED WHEN NOT
[00:01:36] SPEAKING TO HELP ALLEVIATE ANY
[00:01:38] BACKGROUND NOISE DURING THE MEETING. WE
[00:01:41] HAVE A FULL AGENDA THIS MORNING AND HAVE
[00:01:43] TIME FOR QUESTIONS. SO I ASKED THAT WE
[00:01:46] ALL STAY MINDFUL OF OUR ADJOURNMENT TIME OF
[00:01:48] 1015. WE'LL HAVE ANOTHER MEETING
[00:01:51] BEGINNING PROMPTLY AT 1030. WE CERTAINLY
[00:01:54] ARE PACKING IT IN FOR ALL OF US AS WE
[00:01:56] APPROACH THE END OF THE YEAR AND BUDGET
[00:01:59] DISCUSSIONS ARE CRITICAL. COMMISSIONERS
[00:02:02] ARE ENCOURAGED TO USE THE TEAM'S TOOL
[00:02:05] FOR HAND RAISING OR THE CHAT BOX WHEN
[00:02:07] NEEDED. ALSO, THIS IS A STUDY SESSION
[00:02:09] TODAY'S FORMAT DOES NOT PROVIDE FOR
[00:02:11] PUBLIC COMMENT DURING THE MEETING,
[00:02:13] HOWEVER, WILL ALWAYS WELCOME WRITTEN
[00:02:15] COMMENTS AND OF COURSE, MEMBERS OF THE
[00:02:17] PUBLIC MAY SIGN IN TO ADDRESS THE
[00:02:18] COMMISSION UNDER THE PUBLIC COMMENT
[00:02:20] SECTION OF ANY REGULAR MEETING WHICH
[00:02:23] WILL FOLLOW THIS AT NOON. THIS MEETING
[00:02:27] IS BEING BROADCAST LIVE AND WE'LL BE
[00:02:28] AVAILABLE AFTER THE MEETING ON DEMAND ON
[00:02:31] THE PORT WEBSITE. OUR PRESENTATION TODAY
[00:02:34] IS PART OF THE 2022 BUDGET PROCESS
[00:02:36] BRIEFING. OUR TOPIC IS THE AVIATION
[00:02:39] DIVISION OPERATING AND CAPITAL BUDGETS.
[00:02:41] LET'S HEAR FROM EXECUTIVE DIRECTOR
[00:02:43] METRUCK TO OPEN OUR DAY AND INTRODUCE OUR
[00:02:45] PRESENTERS. EXECUTIVE METRUCK THANK
[00:02:48] YOU, PRESIDENT FELLEMAN. GOOD MORNING,
[00:02:50] COMMISSIONERS. THANK YOU FOR THIS TIME
[00:02:52] TODAY FOR A COMPREHENSIVE BRIEFING ON

[00:02:54] THE PROPOSED 2022 BUDGET FOR SEATTLE
[00:02:57] TACOMA INTERNATIONAL AIRPORT. IN OUR
[00:02:59] LONG RANGE CAPITAL IMPROVEMENT PLAN FOR
[00:03:01] AVIATION, SEA IS EMERGING FROM ONE
[00:03:05] OF THE MOST CHALLENGING EPISODES IN ITS
[00:03:06] HISTORY. THE COVID PANDEMIC WITH ARE
[00:03:11] EMERGING FROM THE COVID PANDEMIC, WITH A
[00:03:14] RELATIVELY HEALTHY FINANCIALS ENHANCED
[00:03:16] BY FEDERAL ASSISTANCE AND POSITIVE
[00:03:18] FORECASTS FOR TRAVEL GROWTH IN THE
[00:03:19] COMING YEAR. WE CAN CONGRATULATE
[00:03:22] LANCE LITTLE, MANAGING DIRECTOR OF
[00:03:24] AVIATION AND EVERYONE AT THE AIRPORT FOR
[00:03:26] WEATHERING THIS CRISIS AND LOOKING AHEAD
[00:03:28] TO DELIVERING ITS KEY PRIORITIES FOR
[00:03:31] THIS CRITICAL GATEWAY. YOU WILL HEAR
[00:03:33] FROM LANCE AND BORGAN ANDERSON, DIRECTOR
[00:03:35] OF AVIATION FINANCE AND BUDGET, THAT THE
[00:03:39] REBOUND AND TRAFFIC CAME MORE QUICKLY
[00:03:40] THAN ANTICIPATED. WHERE THIS YEAR WE
[00:03:43] EXPECT PASSENGER VOLUME TO BE 26% BELOW
[00:03:45] THE RECORD YEAR OF 2019. NEXT YEAR WILL
[00:03:48] BE JUST 5% BELOW, NOT TO ROB THE
[00:03:52] PRESENTATION, WE ARE MAKING SOME STRONG
[00:03:54] PROGRESS ON CAPITAL PROJECTS UNDER
[00:03:56] CONSTRUCTION DESPITE COVID RELATED
[00:03:58] DELAYS AND INCREASE COST WILL ALSO BE
[00:04:01] PLEASED TO HEAR THE AIRPORT IS MAKING
[00:04:02] PROGRESS TOWARDS ITS COMMUNITY EQUITY
[00:04:04] AND ENVIRONMENTAL STEWARDSHIP GOALS,
[00:04:06] INCLUDING REDUCING SKILL ONE AND TWO
[00:04:08] GREENHOUSE GAS EMISSIONS FREE
[00:04:10] REPLACEMENT PARTNERED WITH KING COUNTY
[00:04:12] ON A STUDY LOOKING AT THE CONVERSION OF
[00:04:14] MUNICIPAL SOLID WASTE TO AIRCRAFT FUELS
[00:04:17] IN IMPLEMENTING SUSTAINABLE PROJECT
[00:04:19] FRAMEWORK. ALL THIS WORK DOES NOT COME.
[00:04:21] INEXPENSIVELY. COSTS ARE GROWING AND
[00:04:23] YOU'LL SEE MANY OF THE PLAN NEW HIRES
[00:04:25] WILL BE CONCENTRATED IN SUPPORTING OUR
[00:04:27] CAPITAL IMPROVEMENT PROJECTS. THE NEED
[00:04:29] TO UPGRADE, MODERNIZED, AND EXPAND SEA
[00:04:32] TO HANDLE THE CURRENT AND FORECASTED
[00:04:33] GROWTH IS SIGNIFICANT. NEXT YEAR WE'LL
[00:04:37] FORECAST A HALF A BILLION DOLLARS IN
[00:04:38] CAPITAL SPENDING OVER THE NEXT FIVE
[00:04:40] YEARS. OUR CAPITAL PLAN WILL TOTAL
[00:04:42] NEARLY \$4 BILLION AND THIS DOES NOT
[00:04:45] INCLUDE ANY SAMP NEAR TERM PROJECT
[00:04:47] RELATED CONSTRUCTION. I'LL NOW TURN IT
[00:04:49] OVER THE PRESENTATION TO LANCE TO KICK
[00:04:51] US OFF. LANCE, GOOD MORNING.
[00:04:55] THANK YOU. EXECUTIVE DIRECTOR, METRUCK
[00:04:57] AND GOOD MORNING, COMMISSIONERS. THANK
[00:04:59] YOU FOR HAVING US HERE TODAY. I THINK
[00:05:02] SOMEONE IS GOING TO RUN THE SLIDES FOR
[00:05:06] US TODAY. OKAY. YES. THANKS. AS STEVE
[00:05:10] JUST SAID, THE BUDGET FOR 2021 OR FOR
[00:05:13] 2022 IS GOING TO LOOK SIGNIFICANTLY
[00:05:15] DIFFERENT THAN THE ONE FOR 2021 BECAUSE
[00:05:17] WE'RE EXPECTING TO BE BACK AT ABOUT 95%
[00:05:19] OF THE WORK PRIOR TO THE TO
[00:05:24] THE PANDEMIC. SO THIS MORNING,

[00:05:26] COMMISSIONERS AND SEE, WE HAVE A LOT OF
[00:05:28] MATERIAL TO COVER. HOWEVER, WE WANT TO
[00:05:29] MAKE SURE WE COVER THE INMATE THAT
[00:05:33] WORKS. I WANT TO MAKE SURE WE COVER THE
[00:05:36] INFORMATION THAT YOU WANT. SO WE'LL KIND
[00:05:38] OF TAKE YOUR QUEUE. THERE ARE AREAS THAT
[00:05:41] WE'RE GOING TO TOUCH ON ON EACH OF THE
[00:05:42] SLIDES, BUT THEY'LL TAKE YOUR QUEUE IN
[00:05:45] TERMS OF IF YOU NEED ADDITIONAL DETAILS
[00:05:48] ON ANY OF THE AREAS, FEEL FREE. MORGAN
[00:05:50] AND I WILL TRY TO ANSWER AS MANY
[00:05:51] QUESTIONS AS POSSIBLE, BUT I THINK WE
[00:05:54] HAVE SOME FOLKS ONLINE THAT MAY BE ABLE
[00:05:55] TO GET INTO SOME OF THE DETAILS I WILL
[00:05:57] FOCUS MAINLY ON LIKE CABLE WIFE. WE'RE
[00:06:00] GOING TO BE ASKING FOR ALL THESE
[00:06:01] RESOURCES AS PART OF FOR OPERATING AND
[00:06:04] CAPITAL BUDGET AND THEN ORGAN, WE'LL GET
[00:06:06] INTO MORE THAN WHAT WHAT WE'RE ASKING
[00:06:09] FOR. SO NEXT SLIDE, PLEASE. SO JUST
[00:06:14] REAL QUICKLY IN THE PRESENTATION OUTLINE
[00:06:16] AND COMMISSIONER OF HOME AND I'LL TRY TO
[00:06:18] MAKE SURE WE KEEP IT IN THE TIME FRAME
[00:06:19] TO YOU AND THE OTHER COMMISSIONERS HAVE
[00:06:21] ENOUGH TIME TO ASK SOME QUESTIONS.
[00:06:23] WE'LL JUST TALK AGAIN ABOUT THE PROCESS
[00:06:25] THAT WE GO THROUGH TO GET TO OUR BUDGET.
[00:06:27] MOST OF YOU HAVE SEEN THIS ALREADY. I
[00:06:29] THINK IT'S ALSO IMPORTANT THAT WE
[00:06:32] REITERATE HOW EVERYTHING
[00:06:35] THAT THE ORGANIZATION IS ALIGNED WITH
[00:06:37] THE OBJECTIVES THAT HAVE BEEN OUTLINED
[00:06:39] IN THE SAME AGENDA BY THE COMMISSIONERS.
[00:06:41] THING WE DO ON A YEAR TO YOUR BASIS IS
[00:06:43] ALIGNED WITH THE COMMISSIONERS DIRECTIVE
[00:06:45] THAT WE'VE BEEN GIVEN. OF COURSE, WE DO
[00:06:47] NOT OPERATE IN A VACUUM. THERE IS
[00:06:49] INTERNAL EXTERNAL FACTORS THAT WE HAVE
[00:06:51] TO CONSIDER TO LEVERAGE OR EVEN MITIGATE
[00:06:53] TO GET A STORE GOALS. AND WE'LL ALSO
[00:06:56] JUST REITERATE THE TEN STRATEGIC
[00:06:58] PRIORITY AREAS THAT WE FOCUS ON. AND AS
[00:07:00] I SAID, AFTER THAT BORGAN, WE'LL GET
[00:07:01] INTO THE DETAILS OF THE OPERATING ON THE
[00:07:04] CAPITAL BUDGET. THAT'S ALL THE RESOURCES
[00:07:06] THAT WE'RE ASKING FOR TO GET TO THESE
[00:07:08] RESOURCES OR TO GET TO THESE OUTCOMES.
[00:07:10] ARE THESE OBJECTIVES NEXT SLIDE,
[00:07:12] PLEASE. SO AGAIN, THIS PYRAMID BASICALLY
[00:07:15] SHOWS HOW WE ALIGN WITH THE GOALS AND
[00:07:19] OBJECTIVE THAT THE COMMISSIONERS HAVE
[00:07:21] ESTABLISHED. WE'RE JUST GOING TO FOCUS
[00:07:23] MAYBE ON JUST GIVE TWO EXAMPLES IN THE
[00:07:26] TWO OF THEIR GOALS THAT HAVE BEEN
[00:07:28] ESTABLISHED. ONE IS TO ADVANCE THIS
[00:07:30] REGION AS A LEADING TOWARDS AND
[00:07:32] DESTINATION AND BUSINESS ENGAGEMENT OF
[00:07:34] THE OTHER ONE IS TO BE A HIGHLY
[00:07:36] EFFECTIVE PUBLIC AGENCY. WE'RE GOING TO
[00:07:38] SHOW THE THINGS THAT WE'RE ASKING FOR IN
[00:07:40] OUR BUDGET ALIGNED WITH AT LEAST TWO OF
[00:07:42] THESE COURSE THAT'S ESTABLISHING THIS
[00:07:45] INTERACT AND THE NEXT ONE, SO MANY OF

[00:07:48] YOU HAVE SEEN THIS. THIS IS A PROCESS
[00:07:50] THAT WE GO THROUGH TO GET TO THE BUDGET.
[00:07:51] ONE OF THE THINGS I'VE ALREADY SAID IS
[00:07:53] THAT THE BUDGET IS NOT THE END. IT'S A
[00:07:56] MEANS TO AN END, AND THE END IS TO GET
[00:07:57] US TO THOSE LONG TERM GOALS, TO GET US
[00:07:59] TO THE CENTRAL AND THE GOALS THAT HAVE
[00:08:01] BEEN ESTABLISHED BY THE COMMISSION.
[00:08:03] EVERY THREE OR SO A YEAR, WE DO A FULL
[00:08:05] BLOWN STRATEGIC PLAN. BUT EVERY YEAR WE
[00:08:08] ACTUALLY REVIEW OUR LONG TERM GOALS TO
[00:08:11] ENSURE THAT WE ARE STILL IN ALIGNMENT.
[00:08:14] AND THOSE ARE THE GOALS WE'RE TRYING TO
[00:08:15] STILL ESTABLISH. WE'RE GOING TO TALK A
[00:08:18] LITTLE BIT ABOUT THE RESULTS OF OUR SWAT
[00:08:21] ANALYSIS. ONCE WE HAVE DONE AN ESTABLISH
[00:08:24] THE GOALS, WE DO WHAT'S CALLED A GAP
[00:08:25] ANALYSIS. WE LOOK AT WHERE WE ARE NOW
[00:08:27] RELATIVE TO WHERE WE'RE TRYING TO GET
[00:08:29] TO. AND THEN WE COME UP WITH STRATEGIC
[00:08:32] OBJECTIVES IN ORDER TO CLOSE THAT GAP,
[00:08:34] TO GET US TO THOSE GOALS. AND WE WILL
[00:08:36] HAVE KEY PERFORMANCE INDICATORS THAT WE
[00:08:39] USE AS OUR MEASURE TO GET US THERE. AND
[00:08:42] YOU'LL SEE SOME OF THESE AS WELL. SO
[00:08:44] ONCE WE HAVE DONE THAT, THAT'S KIND OF A
[00:08:46] STRATEGIC PLANNING PART OF THE PROCESS
[00:08:48] TO THE IMPLEMENTATION PART. THIS IS
[00:08:50] WHERE THE RUBBER MEETS THE ROAD. WE
[00:08:52] DEVELOP OUR ANNUAL BUSINESS PLAN. THESE
[00:08:53] ARE THE SPECIFIC THINGS THAT WE DO EVERY
[00:08:55] YEAR IN ORDER TO GET US TO THE LONG TERM
[00:08:58] GOALS. AND THEN IN ORDER TO EXECUTE THE
[00:09:01] THINGS IN OUR BUSINESS PLAN, WE ASK FOR
[00:09:03] RESOURCES. WE ASK FOR PEOPLE. WE ASK FOR
[00:09:05] MONEY, WE ASK FOR EQUIPMENT, AND THAT
[00:09:06] BASED STILL FORMS THE BUDGET. AND THAT'S
[00:09:08] WHAT WE'RE GOING TO BE. THAT'S THE
[00:09:10] DETAILS OF WHAT YOU'RE GOING TO BE
[00:09:12] SEEING TODAY, AND WE ACTUALLY TRICKLE
[00:09:14] THIS ALL THE WAY DOWN TO THE PERFORMANCE
[00:09:16] PLANS OF EACH OF THE INDIVIDUALS WITHIN
[00:09:18] THE AIRPORTS, EVERYTHING THAT EVERYBODY
[00:09:19] DOES AS PART OF THEIR PERFORMANCE PLAN.
[00:09:22] WELL, ALMOST EVERYTHING, ANYWAY IS
[00:09:24] ALIGNED SOME WAY SOMEHOW BACK ALL THE
[00:09:26] WAY UP TO THE CENTER AGENDA. SO THAT'S
[00:09:27] THE PROCESS THAT WE GO THROUGH NEXT
[00:09:29] SLIDE. I SO SORRY.
[00:09:33] THIS SLIDE IS KIND OF BUSY, BUT THIS
[00:09:36] SHOWS JUST SOME EXAMPLE OF HOW THE
[00:09:38] SPECIFIC THINGS THAT WE'RE DOING IN THE
[00:09:41] CENTER. AND IT ALSO GIVES AN OUTLINE OF
[00:09:43] WHERE WE ARE. WE HAVE LONG TERM GOALS.
[00:09:45] SO THIS KIND OF SHOWS US A STATUS OF
[00:09:47] WHERE WE ARE AND SOME OF THEM, AS YOU
[00:09:49] MAY RECALL, COMMISSIONERS, ONE OF THE
[00:09:52] GOALS THAT WE'RE TRYING TO GET THE LONG
[00:09:53] TERM OVER THE NEXT TEN TO 20 YEARS IS TO
[00:09:55] BECOME WHAT WE CALL A FIVE STAR RATED
[00:09:58] AIRPORT. SKYTRACKS FIVE STAR RATED
[00:10:00] AIRPORT. THERE'S NO FIVE STAR SKYTRACKS,
[00:10:02] FIVE STAR RATED AIRPORT IN THE USA OR IN

[00:10:05] NORTH AMERICA, I THINK RIGHT NOW AND
[00:10:07] THERE ARE VERY FEW FOUR STARS. SO OUR
[00:10:09] OBJECTIVE IS TO GET TO FOUR STAR BY
[00:10:11] 2025, AND THEN AFTER THAT, MAYBE WITHIN
[00:10:14] THE NEXT FIVE OR SO YEARS GET TO A FIVE
[00:10:16] STAR AIRPORT. SO WE ARE RIGHT NOW WE'RE
[00:10:18] AT A THREE. WE HAVE, LIKE, 50 AREAS THAT
[00:10:21] WE'RE MEASURING, AND EVERY YEAR IT'S
[00:10:23] GOING TO TRY TO GET TEN UP GOES TO FOUR
[00:10:26] STARS. SO RIGHT NOW WE'RE STILL ON TRACK
[00:10:28] TO BE A FOUR STAR SKYTRACK AIRPORT BY
[00:10:31] 2025. ANOTHER OBJECTIVE THAT
[00:10:34] WE HAVE JUST REAL QUICK IS TO HAVE 30
[00:10:36] YEAR ON INTERNATIONAL SERVICES OVER
[00:10:39] 2000 MILES BY 2025.
[00:10:43] WE'RE ALSO TRACK IN THAT AREA. WE HAD
[00:10:46] ELEVEN SERVICES COMING BACK TO US AFTER
[00:10:50] THE PANDEMIC, AND WE HAVE TWO NEW
[00:10:51] SERVICES ALREADY THIS YEAR, AND WE HAVE
[00:10:54] WESTJET, ANOTHER NEW SERVICE TO START
[00:10:56] LATER THIS YEAR AS WELL. SO WE'RE ON
[00:10:58] TRACK THERE AS WELL. AND THE LEVEL OF
[00:11:02] SERVICE YOU GUYS HAVE HEARD ME SAY WE
[00:11:03] NEVER AGAIN TRY TO GET UP TO A LEVEL OF
[00:11:05] SERVICE FOR THE ENTIRE AIRPORT DURING
[00:11:08] PEAK. THAT'S THE LONG TERM GOAL. OUR
[00:11:09] GOAL FOR 2025 IS TO GET THE IF, ALL OUR
[00:11:13] GATES, CHECKPOINT, RESTROOMS, ETCETERA.
[00:11:15] UP TO LEVEL OF SERVICE OPTIMAL BY 2025.
[00:11:19] AND WE'RE ON TRACK IN DEPTH HERE AS
[00:11:21] WELL. NEXT SLIDE ON THE
[00:11:25] CAPITAL DEVELOPMENT SIDE, AND WE'RE
[00:11:27] GOING TO BE ASKING FOR A LOT OF
[00:11:28] RESOURCES IN THIS AREA. ORGAN IS GOING
[00:11:30] TO SPEAK MORE ABOUT THAT. WE HAVE SET A
[00:11:33] GOAL THAT AGAIN, IS ALIGNED WITH THE
[00:11:34] CENTURY AGENDA TO COMPLETE 75% OF LARGE
[00:11:38] AVIATION PROJECTS WITHIN BUDGET AND
[00:11:41] WITHIN SCHEDULE LARGE DEFINED AS PROJECT
[00:11:44] OVER 50 MILLION. WE ARE DELAYED. WE'RE
[00:11:47] NOT ON TRACK IN THAT AREA. WE HAVE TWO
[00:11:49] PROJECTS, THE IF AND THE PACKAGE
[00:11:51] OPTIMIZATION THAT'S BEHIND SCHEDULE
[00:11:54] RIGHT NOW. SO WE'RE WORKING TO TRY TO
[00:11:56] GET THOSE DONE. ANOTHER OBJECTIVE THAT
[00:11:59] WE HAVE IS TO HAVE 75% OF THE SCHEDULED
[00:12:03] MY PHONE. WELL, IT'S NOT A LARGE
[00:12:05] PROJECT. IT SAYS LARGER, BUT IT'S
[00:12:06] ACTUALLY FOR ALL OUR PROJECTS TO HAVE
[00:12:12] FIVE OF THE GOALS EACH YEAR.
[00:12:15] RIGHT NOW WE'RE ON TRACK. WE'RE AT AND
[00:12:18] THEN WE HAVE OUR CASH
[00:12:23] FLOWS THAT WE ALSO ATTRACT AND OUR
[00:12:24] OBJECTIVE YEAR, WHERE YOUR STATE 75% OF
[00:12:28] PLANNED CASH FLOW. SO WE'RE ABOUT 93%.
[00:12:32] SO WE'RE ON TRACK IN THAT AREA AS WELL.
[00:12:34] NEXT SLIDE, AS I
[00:12:38] SAID, WE DON'T OFFER IT IN A VACUUM,
[00:12:39] THEIR INTERNAL AND EXTERNAL FACTORS THAT
[00:12:41] WE HAVE TO CONTEMPLATE. WE HAVE TO
[00:12:43] MITIGATE THE WEAKNESSES AND
[00:12:47] THE THREATS AND WE HAVE TO TAKE
[00:12:48] ADVANTAGE OF OUR STRENGTHS AND

[00:12:50] OPPORTUNITIES.
[00:12:53] OUR RECOVERY IS REALLY UNCERTAIN.
[00:12:55] BERGEN IS PROBABLY GOING TO TALK A
[00:12:57] LITTLE BIT MORE ABOUT THAT. WE WERE ON
[00:12:58] THIS REALLY NICE PATH TO RECOVERY, BUT
[00:13:01] THEN THE DATA VARIANT JUST CAME OUT
[00:13:04] OF NOWHERE AND THAT'S BECOME A CONCERN.
[00:13:07] BUT WE'RE STILL ON TRACK TO COME BACK.
[00:13:09] WE HAVE TWO VERY STRONG HUB AIRLINES
[00:13:13] HERE AT THE AIRPORT AT THAT FAVORS VERY
[00:13:15] WELL FOR US. WE HAVE BRAND NEW
[00:13:16] FACILITIES, THE NORTH SATELLITE. WE THE
[00:13:18] IF THAT'S GOING TO BE OPEN IN SOON AND
[00:13:21] WE HAVE A MAJOR CAPITAL DEVELOPMENT
[00:13:24] PROGRAM THAT'S UNDERWAY THAT YOU'RE
[00:13:26] GOING TO HEAR ABOUT. WE DID NOT REALLY
[00:13:27] SLOW DOWN DURING THE PANDEMIC, AND WE'RE
[00:13:29] GOING TO BE NEEDING A LOT OF RESOURCES
[00:13:31] TO SUPPORT THE PROGRAMS GOING FORWARD.
[00:13:33] YOU'RE GOING TO SEE THAT IN OUR BUDGET
[00:13:35] REQUESTS. WE'RE ALSO FORTUNATE TO GET A
[00:13:38] LOT OF SUPPORT FROM FEDERAL RELIEF.
[00:13:41] THE INDUSTRY GOT 20 BILLION. WE GOT
[00:13:44] ALMOST 400 MILLION. WE'RE REALLY
[00:13:46] ADVOCATING FOR THE INFRASTRUCTURE
[00:13:48] PACKAGE WHO ARE HOPING WILL BE PASSES 20
[00:13:50] BILLION IN THERE FOR AIRPORTS AGAIN WHEN
[00:13:53] WE'RE HOPING TO GET ABOUT 400 MILLION
[00:13:55] OVER FIVE YEAR PERIOD. NEXT SLIDE,
[00:13:58] THESE ARE THE SAME AREAS THAT WE HAD
[00:14:01] LAST ERAS OF FOCUS. THEY REMAIN THE
[00:14:04] SAME. JUST REALLY WANT TO HIGHLIGHT ALL
[00:14:06] THE THINGS THAT WE ARE ASKING FOR AS
[00:14:08] PART OF THE CAPITAL AND THE OPERATING
[00:14:09] BUDGET IS ACTUALLY IN ALIGNMENT OR IN
[00:14:12] SUPPORT OF THESE TOP TEN STRATEGIC
[00:14:15] AREAS. NEXT SLIDE WE HAVE
[00:14:20] GONE THROUGH. WE HAVE UPDATED OUR GOALS
[00:14:23] AND OBJECTIVES. AS I SAID, WE REVISE AND
[00:14:27] REVIEWED WHAT WE'RE TRYING TO GET TO BY
[00:14:28] 2025 STILL REMAINS PRETTY MUCH INTACT.
[00:14:32] YOU'RE GOING TO SEE WHAT WE'RE TRYING
[00:14:35] TO ACHIEVE FOR 22 NOW WHAT WE'VE
[00:14:39] DONE, WE HAVE A LOT OF STUFF THAT WE'RE
[00:14:41] TRYING TO GET DONE ON THIS BUDGET. AS
[00:14:42] THE THING STEVE MENTIONED EARLIER IS
[00:14:44] VERY DIFFERENT THAN THE BUDGET BEFORE,
[00:14:47] BECAUSE WE EXPECT TO GET BACK TO ABOUT
[00:14:48] 90 95% OF WHERE PIER TO THE PANDEMIC.
[00:14:52] SO WE EXPECT TO GET EVERYTHING DONE
[00:14:54] BECAUSE WE WERE ASKING FOR RESOURCES.
[00:14:55] HOWEVER, WE HAVE PRIORITIZED THE LIST OF
[00:14:59] REQUESTS THAT WE HAVE JUST IN CASE, FOR
[00:15:02] WHATEVER REASON, WE CAN'T GET EVERYTHING
[00:15:04] DONE. THEN WHAT'S THE PRIORITY? DO WE
[00:15:06] TRY TO FIGURE IT OUT IN THE MIDDLE OF
[00:15:08] NEXT YEAR WHEN SOMETHING MIGHT BE
[00:15:10] HAPPENING? OR DO WE TRY TO FIGURE IT OUT
[00:15:12] FROM NOW? AND SO WE HAVE THREE PRIMARY
[00:15:13] CATEGORIES, THE THINGS THAT WE MUST GET
[00:15:15] DONE, THE THINGS THAT OUR REGULATORY,
[00:15:17] THE THING THAT COMMISSIONERS HAVE
[00:15:18] DIRECTED US TO DO. SO THAT'S ONE

[00:15:20] CATEGORY. THEN WE HAVE WHAT'S CALLED OUR
[00:15:22] WILDLY IMPORTANT. BUT THESE ARE THE TOP
[00:15:24] FIVE THINGS THAT WE MUST DO NO MATTER
[00:15:27] WHAT. AND THEN WE HAVE WHAT WE CALL THE
[00:15:29] PRETTY IMPORTANT COST ACRONYM PEAKS FOR
[00:15:31] THOSE THINGS. SO THOSE ARE THE THREE
[00:15:33] CATEGORIES THAT WE HAVE TO PRIORITIZE
[00:15:35] THE WORK THAT WE'RE DOING. BUT THE
[00:15:36] OBJECTIVE IS TO GET EVERYTHING DONE. WE
[00:15:39] TAKES AND OF COURSE, THE MOST DOES AND
[00:15:42] THE REGULAR TOURIST STUFF. NEXT SLIDE
[00:15:45] IT'S A COUPLE OF EXAMPLES OF THE MOST
[00:15:48] DOES. FOR EXAMPLE, WE HAVE TO MAINTAIN
[00:15:50] OUR OPERATING CERTIFICATE, SO WE HAVE TO
[00:15:53] DO A PART 139 INSPECTION EVERY YEAR BY
[00:15:56] THE FAA. FOR THE LAST THREE YEARS, WE
[00:15:58] HAVE HAD ZERO DISCREPANCIES, AND WE WANT
[00:16:01] TO MAINTAIN THAT TSA AUDIT. FOR THE LAST
[00:16:03] FOUR YEARS, WE HAVE HAD ZERO
[00:16:05] DISCREPANCIES. AGAIN, WE'D LIKE TO
[00:16:07] CONTINUE THAT AND WE HAVE OTHER
[00:16:10] AREAS IN TERMS OF OUR TO
[00:16:17] RESPOND TO NON COMPLIANT ISSUES WITHIN
[00:16:20] FIVE DAYS. AS AN EXAMPLE, I WANT TO MAKE
[00:16:22] SURE WE MAINTAIN WE MAINTAIN THOSE. SO
[00:16:25] THESE ARE EXAMPLES OF SOME OF THE THINGS
[00:16:27] THAT WE ACTUALLY MUST DO, SOME OF THE
[00:16:29] THINGS THAT ARE REGULATORY. NEXT SLIDE
[00:16:33] AGAIN, THESE ARE OTHER EXAMPLES OF
[00:16:36] THINGS THAT OUR REGULATORY AND THAT WE
[00:16:39] MUST DO DIRECTIVE THAT WE HAVE GOTTEN
[00:16:41] FROM COMMISSIONERS RESILIENCY. WE'RE
[00:16:43] GOING TO BE DOING AN EXERCISE EACH YEAR.
[00:16:45] THAT EXERCISE COULD RANGE FROM HOW WE
[00:16:49] RESPOND TO A CLEAN CRASH. IT COULD BE
[00:16:51] HOW WE RESPOND TO AN ACTIVE SHOOTER. IT
[00:16:53] COULD BE AN EARTHQUAKE, ET CETERA. BUT
[00:16:55] WE'RE GOING TO BE DOING THAT EVERY YEAR.
[00:16:56] WE HAVE MONEY IN THE BUDGET NEXT YEAR
[00:17:00] ALSO TO CONTINUE AND EXPAND THE TRAIN
[00:17:02] AND FOR HUMAN TRAFFIC EXTRA. THESE,
[00:17:04] AGAIN, ARE SOME OF THE EXAMPLES IN THE
[00:17:06] MOSCOW CATEGORY. NEXT SLIDE AND
[00:17:09] COMMISSION DIRECTED CATEGORY AS WELL.
[00:17:12] AND THESE ARE EXAMPLES OF WEEKS ACHIEVE
[00:17:15] A 5% REDUCTION IN MAJOR INCIDENT RATES
[00:17:17] THAT THE AIRPORT SAFETY IS EXTREMELY
[00:17:19] IMPORTANT TO US. DISCOVER CHALLENGING
[00:17:22] ONE FOR US BECAUSE IT DOES NOT ONLY
[00:17:24] DEPEND ON US, WE HAVE TO DEPEND ON
[00:17:25] PRETTY MUCH EVERY TENANT WITHIN THE
[00:17:27] AIRPORT TO ACTUALLY MEET THESE GOALS.
[00:17:28] AND MAJOR INCIDENTS COULD INCLUDE DAMAGE
[00:17:30] TO AN AIRPLANE, SOMEBODY GETS INJURED,
[00:17:33] AN INCIDENT THAT COST OVER \$1,000, ET
[00:17:36] CETERA. SO OUR GOAL IS TO GET A 5%
[00:17:39] REDUCTION. I MENTIONED THE SKY TRACK
[00:17:41] GOALS THAT WE HAVE AND OF COURSE,
[00:17:43] FINANCIAL SUSTAINABILITY. AS WE DO ALL
[00:17:45] OF THIS, WE HAVE TO MAKE SURE WE
[00:17:47] MAINTAIN A DEBT SERVICE COVERAGE AT 1.4.
[00:17:49] BUT BORGAN IS GOING TO TALK ABOUT THAT,
[00:17:51] AND WE'RE TRYING TO GET TO A 14 MONTH

[00:17:53] OFF ON CASH ON HAND BY 2022.
[00:17:57] OUR LONG TERM GOAL IS TO GET TO 18
[00:18:00] MONTHS OF CASH IN HAND. NEXT SLIDE THESE
[00:18:05] ARE EXAMPLES OF SOME OF WHAT WE CALL
[00:18:07] PIGS, AS YOU SAW, COMMUNITY WITH A
[00:18:10] PRIORITY UNDER THE WEEKS. WE ALSO HAVE
[00:18:13] COMMUNITY AS A PRIORITY AND THE PRETTY
[00:18:16] IMPORTANT GOALS AS WELL. WE HAVE SEVERAL
[00:18:19] OBJECTIVES AND TARGETS THAT WE HAVE AS
[00:18:22] PART OF A NOISE WORKING GROUP AND THE
[00:18:24] FEDERAL POLICY WORKING GROUP OUR GOAL IS
[00:18:27] TO ACTUALLY ACHIEVE ALL OF THOSE IN 2022
[00:18:31] FOR CUSTOMER SOME EXPERIENCE GOALS. YOU
[00:18:33] CAN SEE SOME OF THOSE GET EVERYBODY
[00:18:34] THROUGH THE SECURITY CHECKPOINT WITHIN
[00:18:36] 22 MINUTES OR LESS. THE CAPITAL
[00:18:39] DEVELOPMENT PART COMPLETE THE SAM
[00:18:41] ESTIMATE THAT'S WHAT SAM IS GOING TO BE
[00:18:43] PASSED IN US. WE PLAN TO COMPLETE THAT
[00:18:46] BY Q ONE. NEXT SLIDE, PLEASE. I ANOTHER
[00:18:52] EXAMPLE OF PEAKS. COMMISSIONERS.
[00:18:55] WE HAVE BEEN AGAIN WORKING VERY HARD
[00:18:58] WITH THE ENVIRONMENTAL GROUP TO TRY TO
[00:19:01] ENSURE THAT WE MEET THE GOALS AND
[00:19:04] OBJECTIVES AS ESTABLISHED BY THE
[00:19:07] COMMISSIONERS TO REDUCE GREENHOUSE GAS
[00:19:09] EMISSIONS AT THE AIRPORT, NOT JUST SCOPE
[00:19:12] ON SCOPE TO BUT ALSO SCOPE THREE. SO
[00:19:14] THESE ARE JUST SOME OF THE EXAMPLES OF
[00:19:15] WHAT WE'RE TRYING TO MEET. NEXT SLIDE.
[00:19:18] AND I THINK THIS IS MY FINAL SLIDE,
[00:19:22] THE SUSTAINABILITY PROJECT FRAMEWORK.
[00:19:25] WE REALLY GOT A CHANCE TO RUN IT THROUGH
[00:19:29] THE FIRST MAJOR PROJECT, WHICH IS THE C
[00:19:31] ONE OR WHAT WE'RE INTO A CLOUD IN THE
[00:19:32] CONCOURSE EXPANSION PROJECT. IS THERE
[00:19:35] LOTS OF LESSONS LEARNED. SO THE
[00:19:36] ENVIRONMENTAL TEAM AND OUR TEAM, THE
[00:19:38] ARRAN TEAM, IS GOING TO ACTUALLY GO
[00:19:40] THROUGH AND TWEAK AND FINALIZE THAT
[00:19:42] SUSTAINABLE PROJECT FRAMEWORK. WE'RE
[00:19:44] REALLY LEARNED A LOT FROM THAT.
[00:19:48] JUST SOME OF THE HOW WE'RE DOING STUFF
[00:19:50] AND TRY TO ESTABLISH THE FRAMEWORK FOR
[00:19:52] BUDGETING PROCESS. I'M GOING TO NOW HAND
[00:19:54] OVER TO OREGON AND OREGON IS GOING TO
[00:19:56] GET INTO A LOT MORE OF THE DETAILS.
[00:19:59] IF COMMISSIONERS HAVE ANY QUESTIONS AT
[00:20:01] THIS POINT, WE CAN OR WE CAN WAIT UNTIL
[00:20:03] BORGAN IS FINISHED TO ANSWER ANY
[00:20:05] QUESTIONS AND OVER TO BORGAN? WELL, I
[00:20:08] THINK, LANCE, THAT WAS GREAT AND EXACTLY
[00:20:10] ON TIME. COULD WE JUST TAKE A QUICK
[00:20:13] MINUTE TO MAKE SURE THAT THERE'S A SEE
[00:20:16] WHAT THE COMMISSION THINKS OF ANY
[00:20:18] CLARIFYING OR QUESTIONS AS A RESULT OF
[00:20:21] THAT VERY ARTICULATE AND EXPEDITED
[00:20:24] PRESENTATION? GO AHEAD AND RUN THROUGH
[00:20:26] THE RULE BEGINNING WITH COMMISSIONER
[00:20:28] BOMAN. WELL,
[00:20:34] COMMISSIONER. BOWMAN. OH, SORRY. I'M TRYING TO
[00:20:38] TURN MY CAMERA ON HERE. IT'S NOT
[00:20:39] WORKING. I DON'T HAVE ANY QUESTIONS

[00:20:41] RIGHT AT THE MOMENT, LANCE, I PREFER IF
[00:20:43] YOU JUST KEPT GOING. THANK YOU. I CAN
[00:20:48] NONE FOR ME EITHER. THANK YOU, COMMISSIONER CHO
[00:20:51] I'M GOING AS WELL. THANKS TO THIS IS
[00:20:53] GREAT COMMISSIONERS STEINBRUECK? HOW WAS THE
[00:20:57] 400 MILLION DIVID UP FROM THE FEDERAL
[00:21:01] RELIEF PACKAGE? WHERE DID
[00:21:04] IT GO? OH, IT WAS A I CAN GIVE THE
[00:21:07] DETAIL, BUT IT WAS PRIMARILY FOR
[00:21:09] OPERATING EXPENSE AND DEBT SERVICE
[00:21:11] PAYMENT. RIGHT AGAIN. CORRECT. I'LL
[00:21:14] COVER THAT A LITTLE BIT LATER. SO NO
[00:21:17] DIRECT RELIEF TO TENANTS OR YES,
[00:21:21] AS PART AS THE SECOND PACKAGE. THE CHRIS
[00:21:24] AND THE ARPA HAD ONE SPECIFICALLY
[00:21:28] ALLOCATED FOR THE CONCESSIONAIRES AND
[00:21:30] RENTAL CAR COMPANIES, ETC. SO ORGAN IS
[00:21:32] GOING TO GET INTO SOME. ALL RIGHT.
[00:21:34] OKAY. I CAN WAIT. THANK YOU. THANK YOU,
[00:21:37] COMMISSIONER. FOLLOW ME. THANK YOU. I
[00:21:40] GUESS NOT NECESSARILY THE ANSWER AT THIS
[00:21:42] MOMENT, BUT A COUPLE OF THINGS THAT DID
[00:21:44] JUMP OUT AT ME AND I KNOW I SAW ON
[00:21:47] THE LATER THAT WE DON'T HAVE A SAM
[00:21:49] CONTINGENCY BUILT IN ALL OF THE NUMBERS
[00:21:52] WE HAVE OUR NOT INCLUDING SAM, AND
[00:21:56] OBVIOUSLY THERE'S SOME UNCERTAINTY, OF
[00:21:58] COURSE, BUT I DON'T. PERHAPS YOU CAN
[00:22:01] TELL ME WHETHER MAY OR MAY NOT BE A
[00:22:03] CONTINGENCY IN THERE. I ALSO NOTE THAT
[00:22:06] SPECIFICALLY WE HAVE A SLOWER GOAL
[00:22:10] WITHIN THE SUSTAINABLE AVIATION FUEL
[00:22:13] GOAL. AND IT JUST SEEMS TO ME IS A VERY
[00:22:15] SPECIFIC POINT THAT WE'D
[00:22:19] LIKE TO SEE ADDRESSED AND THEN ALSO
[00:22:23] THE WHAT
[00:22:28] DO YOU CALL IT THE PART 50 NOISE. SO THE
[00:22:32] GOAL IS OF THE 14,
[00:22:35] 150 NOISE. AND I
[00:22:38] JUST WOULD LIKE AT SOME POINT FOR US TO
[00:22:40] HAVE A REMIND US ABOUT HOW THAT NUMBER
[00:22:43] GOT PICKED IS THAT I THINK IT WAS A
[00:22:46] FEASIBILITY QUESTION, BUT WE CAN GO ON.
[00:22:48] I JUST WANT TO PUT THOSE QUESTIONS OUT
[00:22:51] THERE UNLESS THERE'S A REAL FAST ANSWER
[00:22:52] TO ANY OF THOSE. WELL, THE SAM,
[00:22:56] AS I SAID IN ONE OF THE SLIDES, WE'RE
[00:22:58] GOING TO BE DOING THE ESTIMATE BY Q ONE
[00:23:01] OF NEXT YEAR. ACTUALLY, IT WAS
[00:23:05] YESTERDAY WORKING. WE JUST MET WE WENT
[00:23:07] THROUGH ACTUALLY VARIOUS DIFFERENT
[00:23:09] SCENARIO FOR CIP, WHICH INCLUDES AND
[00:23:12] DOES NOT INCLUDE SAM OR VARIOUS
[00:23:15] DIFFERENT VERSION OF THE SAM, SO WE CAN
[00:23:16] MAYBE TALK ABOUT THAT ELITE WHAT WE WE
[00:23:19] DO NOW ALL AT OUR WORK AND THERE IS
[00:23:21] ACTUALLY A HUGE INGENIUS ASSOCIATED WITH
[00:23:24] IT, DEPENDING ON WHICH ONE OF THE
[00:23:26] SCENARIOS WE ACTUALLY END UP CHOOSING.
[00:23:28] BUT I DON'T THINK IT'S PART OF TODAY'S
[00:23:31] PRESENTATION, IS IT? NO, IT'S NOT.
[00:23:34] ALRIGHT. SO I MEAN, IT OBVIOUSLY IS A
[00:23:37] MAJOR BUDGET IMPLICATION. SO MAYBE YOU

[00:23:39] CAN JUST GIVE US AN ORDER OF MAGNITUDE
[00:23:41] WHEN YOU GO INTO FURTHER DISCUSSION.
[00:23:43] OKAY. VERY GOOD. ALRIGHT, LET US
[00:23:47] PROCEED.
[00:23:50] YES, I WILL GET
[00:23:55] READY. TURN TO THE QUESTION RELATED TO
[00:23:57] THE 550, NOT LATER IN THE PRESENTATION.
[00:23:59] I'LL TRY TO GET A RESPONSE TOGETHER FOR
[00:24:02] THAT. THANK YOU.
[00:24:06] OKAY. TURNING TO SLIDE 16 HERE BEFORE
[00:24:10] I GET INTO THE NUMBERS. I'D LIKE TO JUST
[00:24:13] GO OVER A LITTLE BIT OF THE DRIVERS,
[00:24:15] AND I THINK BOTH STEVE AND LANCE HIT ON
[00:24:17] THE FIRST TWO POINTS AND THEY'RE
[00:24:18] EXTREMELY IMPORTANT FOR OUR BUDGET FOR
[00:24:21] 2022. ANOTHER FACTOR IS JUST
[00:24:24] TO REMIND EVERYBODY THAT WE REALLY DID
[00:24:26] CUT OUR BUDGET SIGNIFICANTLY IN 2000 AND
[00:24:28] 22,021. AND SOMETIMES THERE ARE COSTS
[00:24:31] THAT YOU CAN PUT OFF FOR A YEAR,
[00:24:33] SOMETIMES TWO YEARS. BUT WE'RE FINDING
[00:24:34] THAT A THIRD YEAR IS ALMOST IMPOSSIBLE.
[00:24:37] SO WE'VE GOT A LOT OF THINGS THAT ARE
[00:24:38] JUST COMING BACK TO OUR BUDGET AND 2022,
[00:24:41] AND IT'S ALL COVERED LATER. THERE'S
[00:24:44] ELEMENTS OF CAPITAL PROJECTS THAT HAVE
[00:24:47] EXPENSE PIECES, AND WE'VE GOT TO INCUR
[00:24:50] THOSE AS WELL. AND ON A POSITIVE SIDE,
[00:24:53] HAVING THE FULL OPENING OF THE
[00:24:55] INTERNATIONAL ARRIVALS FACILITY AND
[00:24:58] PHASE TWO OF THE NORTH SATELLITE. IT'S
[00:25:01] GREAT FROM A CUSTOMER SERVICE
[00:25:02] STANDPOINT, BUT FROM A BUDGET
[00:25:04] STANDPOINT, WE HAVE THE COSTS OF
[00:25:06] OPERATING AND MAINTAINING THOSE
[00:25:07] FACILITIES IN 2022. AND WHILE WE WE
[00:25:11] ARE SEEING COSTS GO UP IN MANY AREAS.
[00:25:13] THE GOOD NEWS IS WE DID RESERVE SOME OF
[00:25:17] THE FEDERAL RELIEF MONEY FOR 2022, SO
[00:25:20] THAT WILL GO A LONG WAY TO HELP US
[00:25:22] OFFSET AIRLINE RATE INCREASES. AND
[00:25:25] ANOTHER POINT I WANT TO MAKE IS THAT THE
[00:25:28] AVIATION DIVISION TOOK THE 2021 BUDGET
[00:25:32] AS THE STARTING POINT FOR BUILDING OUR
[00:25:35] 2022 BUDGET. AND BECAUSE THAT 2021
[00:25:38] BUDGET WAS REALLY CUT TO THE BONE, WE
[00:25:41] DESCRIBED IT A LITTLE BIT AS A ZERO
[00:25:43] BASED BUDGET IN THE SENSE THAT WE WANTED
[00:25:45] TO BE VERY THOUGHTFUL AND DELIBERATE
[00:25:47] ABOUT EACH ITEM. WE ADDED BACK. WE
[00:25:49] DIDN'T WANT TO JUST AUTOMATICALLY BRING
[00:25:51] BACK THINGS BECAUSE THEY WERE IN THE
[00:25:52] 2020 BUDGET, FOR EXAMPLE. SO THAT'S AN
[00:25:56] IMPORTANT CONSIDERATION. NEXT SLIDE,
[00:25:58] PLEASE. SO THIS IS THE
[00:26:01] VISUAL VIEW OF OUR PASSENGER RECOVERY.
[00:26:04] AND THE GREEN BAR IS OUR ESTIMATE FOR
[00:26:08] 2022. AND IS LANCE INDICATED WE'RE
[00:26:12] EXPECTING TO BE DOWN 5% FROM 2019,
[00:26:16] BUT IT'S STILL IT'S A 35% GROWTH OVER
[00:26:19] WHERE WE ARE THIS YEAR. SO SIGNIFICANT
[00:26:21] GROWTH GOING INTO NEXT YEAR. THE STORY
[00:26:24] IS REALLY THE SAME. THE RECOVERY IS

[00:26:26] BEING DRIVEN BY THE DOMESTIC LEISURE
[00:26:28] MARKET. BUSINESS AND INTERNATIONAL ARE
[00:26:31] LAGGING. WE DO EXPECT BUSINESS TRAVEL TO
[00:26:35] COME BACK NEXT YEAR AND AT LEAST THE
[00:26:37] EUROPEAN SIDE OF THE INTERNATIONAL
[00:26:39] TRAFFIC. A LOT OF EXPERTS THINK THE
[00:26:41] ASIAN SIDE MAYBE LAGGING FURTHER.
[00:26:44] STILL. NEXT SLIDE, PLEASE.
[00:26:47] AND THE VIEW OF OUR CAPITAL PROGRAM,
[00:26:51] CERTAINLY THE LAST FOUR YEARS WE HAVE
[00:26:54] SPENT LITERALLY THE HIGHEST LEVEL WE'VE
[00:26:56] EVER SPENT FOR THE AVIATION DIVISION.
[00:26:58] AND WHAT WE'RE BUILDING TO IS SOMETHING
[00:27:01] THAT IS SIGNIFICANTLY ABOVE THAT. AND
[00:27:03] WE'LL TALK ABOUT SOME OF THE PROJECTS
[00:27:06] THAT ARE DRIVING THAT WOULD CARRY.
[00:27:07] STEVEN STARTS TO GET INTO THE DETAILS OF
[00:27:10] THE CAPITAL PROGRAM, BUT TO YOUR POINT,
[00:27:13] COMMISSIONER FELLEMAN, THIS FORECAST,
[00:27:15] AS HIGH AS IT IS, DOES NOT INCLUDE SAM.
[00:27:18] AND WHEN WE START TO LAYER IN THOSE
[00:27:22] PROJECTS OVER THE NEXT FIVE TO TEN PLUS
[00:27:26] YEARS, WE'LL LIKELY SEE A CONTINUED VERY
[00:27:30] HIGH LEVEL OF SPENDING GOING OUT. NEXT
[00:27:33] SLIDE, PLEASE. SO WHAT
[00:27:38] I WANT TO START WITH HERE IS JUST HOW WE
[00:27:41] BUILD THE BUDGET. AND THIS IS JUST THE
[00:27:43] AVIATION SPECIFIC BUDGET. LATER ON,
[00:27:45] I'LL SHOW THE TOTAL AIRPORT COST,
[00:27:47] INCLUDING THE COST FROM CENTRAL
[00:27:50] SERVICES. WHAT WE START WITH IS OUR 2021
[00:27:53] BUDGET. EVERYTHING IN GREEN IS A COST
[00:27:56] REDUCTION. EVERYTHING IN RED IS A COST
[00:27:58] ADDITION. SO THE FIRST THING WE DO IS WE
[00:28:01] PULL OUT EVERYTHING THAT WAS A NON
[00:28:04] RECURRING ITEM THAT WAS IN THE 2021
[00:28:06] BUDGET, AND THEN WE LOOK FOR SAVINGS AND
[00:28:09] THE MOST SIGNIFICANT SAVINGS. THE COST
[00:28:12] REDUCTION COLUMN THERE IS THAT WE
[00:28:14] ELECTED TO INCREASE THE PAYROLL VACANCY
[00:28:17] FACTOR TO 5%. IT WAS ONE AND A HALF
[00:28:19] PERCENT IN 2021. AND THIS AVIATION
[00:28:23] HERE ACCOUNTS FOR A LITTLE OVER SIX AND
[00:28:26] A HALF MILLION DOLLARS OF SAVINGS. WE
[00:28:28] THINK IT'S A REASONABLE ASSUMPTION, BUT
[00:28:30] IT DOES REPRESENT A SIGNIFICANT RISK IN
[00:28:32] OUR BUDGET WHEN IT COMES TO COST
[00:28:35] INCREASES IN THIS LINE ITEM THAT'S
[00:28:37] CHARGES TO CAPITAL. THERE'S SOME OFFSETS
[00:28:40] BUILT IN THERE. WE'RE ADDING A LOT OF
[00:28:42] RESOURCES CONSULTANTS TO SUPPORT OUR
[00:28:45] CAPITAL PROGRAM, BUT MOST OF THOSE ARE
[00:28:47] BEING CHARGED TO CAPITAL. SO THE REAL
[00:28:50] DRIVERS HERE IN OUR COST INCREASES ARE
[00:28:52] JUST OUR PAYROLL COSTS. AND I THINK AS
[00:28:54] DAN THOMAS TALKED ABOUT TWO WEEKS AGO,
[00:28:57] IT INCLUDES THE COST OF OUR REPRESENTED
[00:29:02] WORKERS FOLLOWING THE TERMS OF THEIR
[00:29:04] CONTRACTS, AS WELL AS AN ESTIMATED 6%
[00:29:06] INCREASE FOR THE PAY FOR PERFORMANCE FOR
[00:29:09] THE NON REPRESENTED FOLKS. IN ADDITION,
[00:29:11] WE HAVE A NUMBER OF COSTS THAT ARE TIED
[00:29:12] TO OUR REVENUES AND SOME OTHER COST

[00:29:16] INCREASES BELOW THAT LINE. WHAT WE CALL
[00:29:19] THE BASELINE ARE REALLY WHAT THE REST OF
[00:29:22] THE PRESENTATION IS GOING TO TALK ABOUT
[00:29:24] IS ALL THE NEW ADDITIONS THAT WE'RE
[00:29:26] REQUESTING, AND THE TOTAL ABOUT \$39
[00:29:28] MILLION. SOME OF THEM ARE PROPOSED TO BE
[00:29:31] ADDED TO THE BASELINE, AND SOME ARE ALSO
[00:29:33] NON RECURRING ITEMS. BUT GOING FROM
[00:29:36] 242,000,000 TO 286 IS WHAT
[00:29:40] THE NEXT SLIDE WILL ILLUMINATE. NEXT
[00:29:42] SLIDE, PLEASE. SO I'M GOING TO GIVE
[00:29:46] YOU THREE SLIDES IN A ROW THAT SLICE OUR
[00:29:50] BUDGET REQUESTS IN DIFFERENT WAYS TO
[00:29:52] HELP YOU UNDERSTAND WHAT WE'RE DOING.
[00:29:54] GIVEN THE QUANTITY OF THE PROPOSED
[00:29:59] ITEMS 203, I WILL NOT BE
[00:30:02] GOING THROUGH EACH ONE INDIVIDUALLY,
[00:30:04] BUT I'LL TRY TO GIVE THE HIGHLIGHTS,
[00:30:06] BUT I WOULD WANT TO SAY UP FRONT THAT IN
[00:30:08] THE APPENDIX, WE HAVE LISTED EVERY
[00:30:11] SINGLE ONE OF THESE ITEMS. SO LET ME
[00:30:13] START ON THE LEFT SIDE AND LOOKING AT
[00:30:15] OUR OVERALL NUMBERS. WE HAD BUDGET
[00:30:17] REQUESTS TOTALING ALMOST 49 MILLION,
[00:30:19] AND WE'RE PROPOSING FOR APPROVAL 39
[00:30:22] MILLION. OF THOSE LOOKING AT THE FTES
[00:30:28] AGAIN, 106 WERE PROPOSED, AND WE ARE
[00:30:31] PROPOSING FOR APPROVAL 81.6 AND
[00:30:36] THEN ON THE RIGHT SIDE, TYING BACK TO
[00:30:37] THE CATEGORIES THAT LANCE DISCUSSED WITH
[00:30:40] YOU A MOMENT AGO. YOU CAN SEE HOW THOSE
[00:30:43] SAME BUDGET REQUESTS ARE ORGANIZED BY
[00:30:46] THE MUST, THE WIGS AND THE PIGS. AND
[00:30:48] THEN WHAT I'VE ALSO DONE IS BREAK OUT
[00:30:50] TWO MORE CATEGORIES BECAUSE I THINK
[00:30:52] THEY'RE HELPFUL AND THAT'S THE EXPENSE
[00:30:54] TIED TO CAPITAL PROJECTS. AND REALLY
[00:30:57] THOSE ARE THOSE ARE MUTED, TOO. UNLESS
[00:30:59] YOU WANT TO CANCEL THE CAPITAL PROJECT
[00:31:01] AND THEN THE NEW FACILITY COSTS. WHEN WE
[00:31:04] BRING ON A LOT OF NEW SPACE, WE HAVE TO
[00:31:07] MAINTAIN THAT SPACE. WE HAVE TO CLEAN
[00:31:09] THE SPACE, WE HAVE TO CLEAN THE WINDOWS.
[00:31:11] AND SO THERE'S A LOT OF COSTS TIED TO
[00:31:14] NEW FACILITIES. AND THEN, OF COURSE, WE
[00:31:16] HAVE OTHER ITEMS AS WELL, WHICH WILL
[00:31:18] TOUCH ON NEXT SLIDE, PLEASE. SO WHAT
[00:31:22] I'M DOING ON THIS SLIDE IS HIGHLIGHTING
[00:31:25] THE BIGGEST INDIVIDUAL DOLLAR ITEMS.
[00:31:28] AND SO YOU CAN SEE AT THE TOP OF THE
[00:31:31] LIST. AIRLINE REALIGNMENT. THIS IS THE
[00:31:33] PROJECT TO REALLY OPTIMIZE OUR USE OF
[00:31:36] THE INTERNATIONAL ACCESSIBLE GATES ON
[00:31:38] CONCOURSE, AND IT REQUIRES MOVING UNITED
[00:31:41] OFF OF CONCOURSE OVER TO CONCOURSE
[00:31:44] B, MOVING DELTA OVER TO CONCOURSE AND
[00:31:48] MOVING THEIR RELATED FACILITIES AND
[00:31:50] SPACES. SO IT'S ACTUALLY QUITE A COMPLEX
[00:31:53] PROJECT, AND THERE WILL BE EXPENSE
[00:31:55] ELEMENTS OF IT. THE SECOND ITEM IS 81
[00:31:59] FTES AND THE COST TO OUR BUDGET. NOW,
[00:32:02] MANY OF THEM ARE BEING CAPITALIZED
[00:32:04] BECAUSE THEY SUPPORT THE CAPITAL

[00:32:06] PROGRAM, BUT THERE STILL IS A
[00:32:07] SIGNIFICANT COST. THE NEXT ITEM IS THE
[00:32:10] CONSOLIDATED SERVICES CONTRACT, AND THIS
[00:32:13] IS THE CONTRACT WE USE TO PROVIDE
[00:32:15] SUPPORT FOR THE CHECKPOINT QUEUING. WE
[00:32:18] USE IT OUT IN THE GARAGE FOR THE GROUND
[00:32:21] TRANSPORTATION OPERATIONS. THEY'RE THE
[00:32:23] SERVICE PROVIDERS THAT REALLY HELP
[00:32:25] PASSENGERS AND HELP US THROUGH OUR BUSY
[00:32:28] TIMES. WE'RE BRINGING THIS BACK AS A
[00:32:30] REQUEST THIS YEAR. IT'S AN EXISTING
[00:32:33] CONTRACT, BUT WE FEEL WE FINALLY RIGHT
[00:32:35] SIZED IT. WE CUT IT BACK DRAMATICALLY
[00:32:36] FOR THIS YEAR, AND NOW WE'RE BRINGING UP
[00:32:38] BACK TO A LEVEL THAT WE THINK IS
[00:32:40] PROBABLY THE RIGHT LEVEL GOING FORWARD.
[00:32:42] SO IN THE FUTURE, WE EXPECT THIS WILL BE
[00:32:44] PART OF THE BASELINE BUDGET.
[00:32:47] NEXT ITEM IS PLANNING. WE HAVE A NUMBER
[00:32:49] OF PLANNING STUDIES. THE MOST
[00:32:52] SIGNIFICANT ITEM WITHIN THIS ONE, 7
[00:32:54] MILLION IS A PLAN TO STUDY THE ULTIMATE
[00:32:59] REPLACEMENT FOR THE SATELLITE TRANSIT
[00:33:01] SYSTEM THAT CONNECTS TO THE NORTH AND
[00:33:03] SOUTH SATELLITE TO THE MAIN TERMINAL,
[00:33:05] AND THAT SYSTEM WILL BE REACHING THE END
[00:33:08] OF ITS LIFE IN ABOUT TEN YEARS OR SO,
[00:33:11] AND BEING ABLE TO START THE PLANNING
[00:33:13] PROCESS FOR WHAT COMES NEXT IS CRITICAL.
[00:33:16] THE NEXT ITEM IS, OF COURSE, COMPLETING
[00:33:19] THE SUSTAINABLE AIRPORT MASTER PLAN,
[00:33:21] ENVIRONMENTAL REVIEW THAT'S OBVIOUSLY
[00:33:24] GONE ON A LITTLE BIT LONGER THAN WE
[00:33:25] ORIGINALLY ANTICIPATED, BUT WE DO EXPECT
[00:33:27] TO COMPLETE THAT NEXT YEAR. THE OTHER
[00:33:31] ITEMS, I THINK MANY OF THEM ARE SELF
[00:33:34] EXPLANATORY, AND YOU'VE SEEN THEM
[00:33:36] BEFORE. I DID WANT TO CALL OUT STOCK,
[00:33:38] FURNITURE AND EQUIPMENT. THIS IS THE
[00:33:39] OFFICE BUILDING ACROSS THE STREET FROM
[00:33:41] THE AIRPORT, AND THIS IS THE SPACE THAT
[00:33:43] IS BEING OCCUPIED BY THE INTERNATIONAL
[00:33:46] ARRIVALS FACILITY CONTRACTOR. WHEN THEY
[00:33:49] MOVE OUT, WE WILL BE TAKING OVER THAT
[00:33:51] SPACE AND WE NEED TO FURNISH IT. THE
[00:33:54] OTHER THING I WANTED TO MENTION WAS THE
[00:33:56] AE CONFERENCE SPONSORSHIP. WE'RE EXCITED
[00:33:59] TO HAVE THAT CONFERENCE COMING TO
[00:34:00] SEATTLE NEXT YEAR, AND THAT'LL BE AN
[00:34:03] OPPORTUNITY TO SHOWCASE SOME OF THE NEW
[00:34:05] AIRPORT FACILITIES AS WELL. SO WITH
[00:34:09] THAT, LET'S MOVE ON TO THE NEXT SLIDE,
[00:34:12] PLEASE. SO THIS IS THE LAST SLIDE THAT
[00:34:15] SLICES AND DICES THOSE 203
[00:34:19] BUDGET REQUESTS. AND HERE AGAIN BY THE
[00:34:21] SAME STRATEGIC CATEGORIES THAT LANCE
[00:34:23] HIGHLIGHTED EARLIER. AND YOU CAN SEE
[00:34:26] WHERE THE SIGNIFICANT DOLLARS AND FTES
[00:34:29] ARE GOING. AND I'LL JUST SAY NOW IN THE
[00:34:31] NEXT TWO SLIDES AFTER THIS, I'LL BE
[00:34:33] HIGHLIGHTING FURTHER WHAT'S INSIDE
[00:34:34] THESE. BUT RIGHT NOW, I JUST WANTED TO
[00:34:36] HAVE YOU FOCUSED THAT IT'S REALLY HEALTH

[00:34:38] AND SAFETY. IT'S CUSTOMER EXPERIENCE,
[00:34:41] ITS ENVIRONMENT AND SUSTAINABILITY. AND
[00:34:44] THEN FINALLY, THE MOST RESOURCES ARE
[00:34:46] GOING TO ASSET MANAGEMENT, CAPITAL
[00:34:49] PLANNING AND CAPITAL DELIVERY.
[00:34:52] THAT'S WHERE WE SEE 44 FTES AND ALMOST
[00:34:56] \$20 MILLION. NEXT SLIDE, PLEASE.
[00:35:00] SO HERE ARE WHAT I'LL CALL THE
[00:35:02] HIGHLIGHTS INSIDE EACH OF THOSE
[00:35:04] CATEGORIES, AND I'M NOT GOING TO TOUCH
[00:35:06] ON EACH ONE OF THESE. BUT AS LAND
[00:35:09] SYNDICATED AT THE OUTSET UNDER HEALTH
[00:35:11] AND SAFETY, WE DO HAVE THE RESILIENCY
[00:35:13] EXERCISE, WHICH WE EXPECT TO BE AN
[00:35:15] ANNUAL EXERCISE UNDER COMMUNITY. YOU CAN
[00:35:18] SEE THE A CONFERENCE SPONSORSHIP THAT I
[00:35:21] MENTIONED IN LO AGO AND AT THE TOP RIGHT
[00:35:24] UNDER SOCIAL RESPONSIBILITY, YOU CAN SEE
[00:35:26] THE HUMAN TRAFFICKING TRAINING AND
[00:35:28] THAT'S THE FIRST OF WHAT'S EXPECTED TO
[00:35:30] BE THE PROGRAM.
[00:35:33] OTHER THINGS WORTH CALLING OUT UNDER
[00:35:37] CUSTOMER EXPERIENCE. WE ARE GOING
[00:35:40] TO IMPLEMENT A QUALITY ASSURANCE PROGRAM
[00:35:43] NEXT YEAR, AND THAT'LL BE REALLY
[00:35:45] IMPORTANT TO HELPING US MAKE SURE WE CAN
[00:35:47] IDENTIFY AREAS FOR IMPROVEMENT SO WE CAN
[00:35:50] MOVE THE RATINGS UP TOWARDS THE FOUR
[00:35:52] STAR. NEXT SLIDE, PLEASE.
[00:35:56] UNDER ENVIRONMENT SUSTAINABILITY. I
[00:36:00] WANTED TO CALL OUT THE BUILDING ENERGY
[00:36:03] EFFICIENCY AUDIT. THIS WILL BE STARTING
[00:36:05] THIS PROGRAM. THIS IS A NEW REQUIREMENT
[00:36:07] AND WE WANT TO GET OUT IN FRONT OF THAT.
[00:36:09] AND THEN WE ALSO HAVE WHAT IS THE
[00:36:11] PASSENGER MODE CHOICE STUDY, WHICH IS
[00:36:14] GOING TO BE AN IMPORTANT PART OF THE
[00:36:15] GROUND TRANSPORTATION ACCESS PLAN AND
[00:36:18] THEN SUPPORT FOR THE TRANSPORTATION
[00:36:20] MANAGEMENT ASSOCIATION PROGRAM THAT'S
[00:36:22] STARTING UP ACTUALLY THIS YEAR.
[00:36:24] NOW THE BIG DOLLARS ON THE RIGHT.
[00:36:27] AGAIN, I'VE TALKED ABOUT THE EXPENSE
[00:36:30] ELEMENTS OF THE CAPITAL PROJECTS.
[00:36:31] THAT'S OBVIOUSLY A BIG PIECE OF THIS.
[00:36:34] BUT HERE'S WHERE WE SEE JUST BUILDING
[00:36:36] BACK TO 95% OF OUR OPERATIONS, WE GOT TO
[00:36:39] MAINTAIN OUR EXISTING FACILITIES. SO
[00:36:41] THIS IS SIGNIFICANT DOLLARS AND TEN
[00:36:43] FTES. WE SEE SUPPORT OF THE CAPITAL
[00:36:46] PROGRAM IS 25 FTES, AND THESE ARE MOSTLY
[00:36:50] IN THE PROJECT MANAGEMENT GROUP, BUT
[00:36:52] SOME OF THEM ARE IN OUR OPERATIONS
[00:36:54] READINESS TEAM, AND SOME ARE IN
[00:36:56] FACILITIES AND INFRASTRUCTURE TO SUPPORT
[00:36:59] THE CAPITAL PROGRAM AS WELL. AND THEN WE
[00:37:02] HAVE COSTS ASSOCIATED WITH MAINTAINING
[00:37:04] OUR NEW FACILITIES. AND THESE WOULD BE
[00:37:05] MOSTLY MAINTENANCE FTES. I INDICATED THE
[00:37:09] PLANNING STUDIES AND THE STAFF
[00:37:11] ENVIRONMENTAL REVIEW ALREADY. NEXT
[00:37:13] SLIDE, PLEASE.
[00:37:16] OKAY. FROM AN FTE STANDPOINT,

[00:37:19] I THINK THE KEY HERE IS TO WHEN
[00:37:23] WE LOOK AT WHERE WE WERE IN 2020 AND
[00:37:25] WHERE WE'RE PROPOSING TO BE IN 2022.
[00:37:27] FROM AN FTE STANDPOINT, WE'RE PROPOSING
[00:37:29] TO BE IN EXACTLY THE SAME PLACE. BUT
[00:37:32] WHAT I'D LIKE TO CALL OUT IS THAT WE ARE
[00:37:35] GETTING THERE IN A VERY DIFFERENT WAY.
[00:37:37] AT THE BOTTOM OF THE SLIDE ON THE RIGHT.
[00:37:39] YOU CAN SEE THAT WE ACTUALLY HAD STEVE
[00:37:43] APPROVED 20 OF 21 FTE MID
[00:37:48] YEAR THIS YEAR AS WE STARTED TO GET OUR
[00:37:50] TRAFFIC COMING BACK. AND WITH THE 81
[00:37:53] THAT WE'RE PROPOSING, THAT IS THE 102
[00:37:56] FTES THAT WE HAD BASICALLY FROZEN LAST
[00:38:00] YEAR. BUT AT THE BOTTOM, IF YOU PUT
[00:38:03] THOSE TWO CATEGORIES TOGETHER, WE ARE
[00:38:05] ASKING FOR 51 NEW POSITIONS AND
[00:38:08] MAINTAIN AND ONLY UNFREEZING 51 OF THE
[00:38:12] FROZEN POSITION. SO AGAIN, JUST
[00:38:13] REINFORCING WHAT I SAID EARLIER. WE'RE
[00:38:15] BEING VERY THOUGHTFUL ABOUT THE
[00:38:17] POSITIONS WE ASKED FOR, AND IN MANY
[00:38:19] CASES, WHAT OUR NEEDS ARE NOW ARE
[00:38:21] ACTUALLY DIFFERENT FROM WHAT WE SAW BACK
[00:38:24] IN 2020. NEXT SLIDE, PLEASE.
[00:38:28] SO HERE IS THE ROLL UP OF ALL OF OUR
[00:38:31] EXPENSES. THIS INCLUDES THE COST FROM
[00:38:35] CENTRAL SERVICES. AND I'VE TRIED TO
[00:38:37] HIGHLIGHT SOME OF THE DRIVERS OF OUR
[00:38:39] PAYROLL COSTS AND SOME OF THE OTHERS.
[00:38:41] BUT THE BOTTOM LINE IS OUR COSTS
[00:38:44] COMPARED TO 2020 BUDGET ARE UP
[00:38:47] 5.4%. AND I HOPE THE EXPLANATIONS I'VE
[00:38:51] GIVEN FOR SOME OF THE DRIVERS OF OUR
[00:38:52] BUDGET HELP YOU UNDERSTAND HOW WE GOT
[00:38:56] THERE. NEXT SLIDE, PLEASE.
[00:38:59] IS THAT JUST A SEC HERE? YES.
[00:39:04] WELL, WHAT IS THE COMPARISON WITH 2019,
[00:39:08] WHICH WOULD BE A MORE TYPICAL YEAR THAN
[00:39:11] 2020 IN TERMS OF COST INCREASE? LET'S GO
[00:39:14] BACK THERE, PLEASE. OKAY. SO WHERE
[00:39:18] ARE WE? WE ARE PROPOSING A BOTTOM LINE
[00:39:21] OPERATING EXPENSE OF 397,000,000, AND
[00:39:23] THE 2019
[00:39:26] ACTUAL WAS 355. I THINK THAT WHENEVER
[00:39:30] WE COMPARE TO A PRIOR YEAR, WE HAVE TO
[00:39:33] REMEMBER THAT THERE WAS A SIGNIFICANT
[00:39:35] PENSION CREDIT IN 20 AND 19, AND I
[00:39:38] BELIEVE IT WAS ABOUT FOR THE AIRPORT,
[00:39:40] IT WAS ABOUT \$14 MILLION. SO LET'S
[00:39:43] JUST SAY THAT'S ABOUT 370,000,000.
[00:39:45] AND THAT COMPARES TO THE 397.
[00:39:51] THAT'S STILL AN INCREASE. BUT I THINK
[00:39:53] WHAT I'VE TALKED ABOUT HERE OVER THE
[00:39:55] LAST FEW SLIDES IS WE HAVE SOME
[00:39:58] SIGNIFICANT NEW FACILITIES. WE HAVE SOME
[00:40:01] SIGNIFICANT NON RECURRING COST DRIVERS
[00:40:04] LIKE THE AIRLINE REALIGNMENT. OUR BUDGET
[00:40:07] FOR 2022 IS WHAT WE FEEL WE NEED IN
[00:40:09] 2022. AND YES, IT IS HIGHER THAN 2019.
[00:40:15] NEXT SLIDE, PLEASE.
[00:40:20] OKAY. SO NOW WE'RE LOOKING AT A SUMMARY
[00:40:24] INCOME STATEMENT. SO WE SEE THE REVENUES

[00:40:25] ON THE TOP. AND I THINK WHAT WE'VE DONE
[00:40:28] HERE IS TO ADD IN SOME LINE ITEMS FOR
[00:40:32] THE FEDERAL RELIEF MONEY SO THAT WE CAN
[00:40:35] GIVE YOU A MORE COMPREHENSIVE VIEW OF
[00:40:37] OUR BOTTOM LINE AND WHERE THAT NI IS
[00:40:40] AFTER FEDERAL RELIEF, YOU CAN SEE THAT
[00:40:42] WE'RE ACTUALLY GOING UP SIGNIFICANTLY
[00:40:45] FROM 2020 BUDGET AND FROM PRIOR YEARS
[00:40:48] AND JUST TO A LARGE EXTENT IS DRIVEN BY
[00:40:50] THESE FEDERAL GRANTS, BUT IT'S STILL A
[00:40:52] VERY POSITIVE STORY ON OUR BOTTOM LINE.
[00:40:55] BUT COMMISSIONER STEINBRUECK, YOU CAN SEE
[00:40:56] THE FEDERAL RELIEF THERE. AND I'LL SHOW
[00:40:59] LATER EXACTLY HOW WE'VE USED IT. BUT YOU
[00:41:01] CAN SEE ALREADY HERE THE AMOUNTS THAT
[00:41:03] ARE EARMARKED OR EXCUSE ME, DESIGNATED
[00:41:06] FOR CONCESSIONS RELIEF. THE FIVE 3
[00:41:09] MILLION IS THE CARISSA PROGRAM THAT WILL
[00:41:12] USE THIS YEAR AND THE ARPA MONEY THAT'S
[00:41:14] 21 MILLION WILL BE FOR NEXT YEAR. I
[00:41:18] THINK THE OTHER KEY POINT IS OUR KEY
[00:41:21] MEASURES THE DEBT SERVICE COVERAGE AND
[00:41:23] OUR CASH BALANCE. AND YOU CAN SEE FOR
[00:41:25] 2022 DEBT SERVICE COVERAGE 1.9
[00:41:29] AS WELL ABOVE WHERE WE FEEL WE NEED TO
[00:41:31] BE, WHICH WOULD BE TARGETING SORT OF THE
[00:41:33] 135 TO ONE FOUR RANGE AND OUR CASH
[00:41:38] BALANCE. WE'RE RIGHT ON TARGET GETTING
[00:41:39] UP TO 14 MONTHS OF ONM COST.
[00:41:42] NEXT SLIDE, PLEASE. SO NOW
[00:41:47] I'M LOOKING AT OUR NON EAR NAUTICAL
[00:41:48] REVENUES COMPARED TO 2019, BECAUSE IT IS
[00:41:51] A GOOD THING. I THINK WHEN WE'RE LOOKING
[00:41:53] AT REVENUES TO COMPARE TO OUR LAST
[00:41:55] ACTUAL YEAR, AND IN THIS CASE, I'VE
[00:41:58] ADJUSTED FOR THE CONCESSIONS GRANT.
[00:42:01] SO I'VE IN EFFECT, ADDED THAT MONEY BACK
[00:42:03] IN. SO YOU CAN SEE THE TRUE PERFORMANCE
[00:42:05] OF THE BUSINESS UNIT. BUT NO SURPRISE IN
[00:42:08] 2020, ALL OF THESE BUSINESSES DROP
[00:42:11] SIGNIFICANTLY, AS DID THE PASSENGER
[00:42:13] LEVEL, WHICH IS IN BLACK. AND THEN IN
[00:42:16] 2021, WE'RE SEEING A VERY VARIED
[00:42:19] RECOVERY. SOME BUSINESSES LIKE PARKING
[00:42:21] ARE DOING QUITE WELL AND OTHERS ARE
[00:42:23] REALLY LAGGING. WHAT I'D LIKE TO
[00:42:26] HIGHLIGHT THOSE BY NEXT YEAR, WE EXPECT
[00:42:28] THAT PARKING, RENTAL, CAR AND DINING AND
[00:42:32] RETAIL WILL ALL BE VERY CLOSE TO THE
[00:42:34] 2019 LEVEL, AND THAT'S AN IMPORTANT PART
[00:42:37] OF OUR RECOVERY. SOME BUSINESSES LIKE
[00:42:40] GROUND TRANSPORTATION ARE STILL LAGGING.
[00:42:42] NEXT SLIDE, PLEASE.
[00:42:45] AND THIS IS THE NUMBERS OF OUR
[00:42:49] NON AEROAUTICAL BUSINESSES, AND YOU CAN
[00:42:51] SEE THE ACTUAL REVENUES REALLY HERE THAT
[00:42:54] WHILE THE CHART IS STRUCTURED
[00:42:58] TO COMPARE TO 2020, AND WE STILL SEE
[00:43:01] WE'RE DOWN FROM A REVENUE STANDPOINT 20
[00:43:04] MILLION DOWN, BUT WE ARE AT NINE OF 19.
[00:43:08] SO OUR REVENUES REALLY ARE RECOVERING
[00:43:11] SLIGHTLY FASTER THAN THE PASSENGER
[00:43:13] LEVEL. AND I THINK THAT'S A KEY POINT,

[00:43:15] BUT THE BOTTOM BOTTOM LINE, WE'RE STILL
[00:43:19] DOING REASONABLY WELL, BUT WE WANT TO
[00:43:21] OBVIOUSLY INCREASE THAT. NEXT SLIDE,
[00:43:23] PLEASE. EXCUSE ME, BURIEN, I SEE
[00:43:27] YOU'RE GOING TO BE SPEAKING AGAIN AS THE
[00:43:30] LAST SPEAKER, AND I'M JUST NOTING THAT
[00:43:32] WHERE THREE MINUTES PASSED TIME AND I
[00:43:35] SEE YOU STILL HAVE QUITE A BIT MORE TO
[00:43:37] GO. I'M GOING TO SPEED UP HERE.
[00:43:40] I JUST WANTED TO NOTE, GIVE A TIME
[00:43:43] CHECK. THANK YOU. SO AERONAUTICAL COSTS,
[00:43:48] OUR AERONAUTICAL REVENUES ARE DRIVEN BY
[00:43:50] COST. AND I THINK THE STORY HERE IS
[00:43:51] LOOKING AT HOW WE'VE USED THE FEDERAL
[00:43:54] RELIEF GRANTS TO OFFSET THE OPERATING
[00:43:56] COSTS AND HOW WE'VE USED GRANTS AND PFCS
[00:43:59] TO OFFSET THE DEBT SERVICE. SO YOU CAN
[00:44:02] SEE THE BIG MESSAGE THERE IS WE'VE
[00:44:04] OFFSET WHAT WOULD OTHERWISE BE A \$60
[00:44:06] MILLION INCREASE IN DEBT SERVICE IN THE
[00:44:08] RATE BASE TO THE POINT WHERE IT'S
[00:44:10] ACTUALLY LOWER THAN 2020. AND SO THE
[00:44:13] OVERALL AERONAUTICAL REVENUES ARE UP 3%,
[00:44:16] WHEREAS NORMALLY THEY WOULD BE UP MUCH,
[00:44:18] MUCH HIGHER. NEXT SLIDE, PLEASE.
[00:44:22] THIS IS SOMEWHAT THE SAME VIEW. JUST
[00:44:25] LOOKING AT THE SPECIFIC COST CENTERS.
[00:44:27] AND WE DO SEE SOME BIG INCREASES
[00:44:31] FOR THE FIS OR FEDERAL INSPECTION
[00:44:34] SERVICES AREA, WHERE WE HAVE A NEW
[00:44:36] FACILITY COMING ON BOARD AND ALSO WITH
[00:44:37] THE TERMINAL. BUT THE AIRFIELD MOVEMENT
[00:44:40] AREA WHERE WE HAVE LANDING FEES WHERE WE
[00:44:42] CHARGE LANDING FEES IS ACTUALLY LOWER.
[00:44:44] NEXT SLIDE, PLEASE. SO I
[00:44:51] THINK WE'VE COVERED THIS ALREADY. I
[00:44:52] THINK THE KEY RISKS ARE THE RECOVERY AND
[00:44:55] THE FACT THAT WE HAVE THE PAYROLL
[00:44:57] VACANCY. AND OTHER THAN THAT, THERE IS
[00:44:59] NO CONTINGENCY IN THE OPERATING BUDGET.
[00:45:01] SO A SNOW EVENT IS SOMETHING THAT WE DO
[00:45:03] NOT BUDGET FOR. NEXT SLIDE, PLEASE.
[00:45:07] THIS IS THE BREAKOUT OF THE GRANTS, AND
[00:45:10] YOU CAN SEE HOW WE'VE SPENT THE MONEY
[00:45:13] BASED ON THE INDIVIDUAL PROGRAMS AND
[00:45:15] WHAT WE ARE EXPECTING FOR 2022.
[00:45:18] THE ORANGE IS THE AMOUNTS DESIGNATED
[00:45:21] FOR THE CONCESSIONNAIRES. NEXT SLIDE,
[00:45:24] PLEASE. THIS IS OUR ROAD TO
[00:45:27] RECOVERY, ON BUILDING OUR CASH BALANCE
[00:45:30] AND WE'RE RIGHT ON TRACK TO GET TO 18
[00:45:33] MONTHS OF M BY 2024. NEXT SLIDE,
[00:45:37] PLEASE. AND OUR DEBT SERVICE COVERAGE.
[00:45:41] AGAIN, THE MESSAGE HERE IS HOW WE'VE
[00:45:42] USED THE FEDERAL RELIEF GRANTS TO REALLY
[00:45:46] IMPROVE OUR DEBT SERVICE COVERAGE. SO
[00:45:48] WE'RE AT A VERY STRONG LEVEL RIGHT NOW.
[00:45:50] NEXT SLIDE, PLEASE.
[00:45:53] AND THIS IS JUST THE VISUAL, A LITTLE
[00:45:56] ADDITIONAL LAYERS OF OUR FUTURE
[00:46:00] CAPITAL PROGRAM IN OUR EXISTING CAPITAL
[00:46:02] PROGRAM AND HOW WE BUILT UP AND THE
[00:46:04] PROJECTS THAT ARE DRIVING IT. AND AT

[00:46:06] THIS POINT, I'D LIKE TO TURN IT OVER TO
[00:46:08] KERI STEVENS TO TALK A LITTLE BIT MORE
[00:46:10] ABOUT THE SPECIFIC PROJECTS FOR NEXT
[00:46:13] YEAR. OKAY. THANKS, BORGAN.
[00:46:18] BORGAN, THANK YOU SO MUCH FOR PULLING
[00:46:21] THIS TOGETHER AND FOR PULLING US THROUGH
[00:46:23] THE LAST YEAR PART OF THIS FANTASTIC
[00:46:26] PLANNING. BUT I DO NEED TO QUICKLY ASK
[00:46:29] MY COLLEAGUES TO GO THROUGH. IF YOU HAVE
[00:46:31] ANY QUESTIONS FROM YOUR PRESENTATION,
[00:46:33] CLERK HART, COULD YOU GO THROUGH ONCE?
[00:46:36] THANK YOU. WE'LL BEGIN WITH COMMISSIONER
[00:46:37] BOWMAN.
[00:46:40] SORRY. I KEEP TRYING TO UNMUTE MYSELF.
[00:46:43] YEAH, I HAVE ACTUALLY THREE QUESTIONS IF
[00:46:46] I MIGHT BORGAN. I KNOW THAT WE'RE RUNNING
[00:46:48] SHORT ON TIME. SO IF YOU WANTED TO GET
[00:46:50] BACK TO ME LATER, THE FIRST ONE WAS
[00:46:52] ABOUT THE LONGER TERM GROWTH OF
[00:46:55] EMPLOYEES. I UNDERSTAND,
[00:46:58] OBVIOUSLY, WHEN WE'RE DOING THE 2019
[00:47:01] BUDGET THAT THIS WAS SOMETHING THAT I
[00:47:02] HAD A GAP YEAR FOR LACK OF A BETTER TERM
[00:47:05] IN 2020. YOU GIVE US JUST SOME
[00:47:10] SORT OF INDICATION ABOUT WHAT YOU SEE
[00:47:12] THE GROWTH IN EMPLOYEES BEING OVER THE
[00:47:14] NEXT COUPLE OF YEARS. AND THEN THE SAME
[00:47:17] QUESTION FOR THE CPE. CERTAINLY,
[00:47:20] IT APPEARS IF I'M READING THIS CORRECTLY
[00:47:22] AND THAT FOR THE PUBLIC IS COST PER
[00:47:25] EMPLOYMENT, THAT THE FEDERAL GRANTS HAVE
[00:47:28] HELPED KEEP THE CPE AT A FAIRLY STEADY
[00:47:32] LEVEL. BUT I KNOW THAT LONGER TERM THAT
[00:47:34] WE WERE EXPECTING IT TO GET AS HIGH AS
[00:47:36] 18. \$19. IS THAT CORRECT? YES. IN FACT,
[00:47:40] I WILL. AFTER CARRY PRESENTS ON THE
[00:47:43] CAPITAL PROGRAM, I'M GOING TO COME BACK
[00:47:45] AND HIGHLIGHT SOME OF OUR FORECAST
[00:47:47] INFORMATION, INCLUDING THE COST FOR
[00:47:49] EMPLOYMENT. BUT THE QUICK ANSWER IS BY
[00:47:52] 2026, WE EXPECT TO BE OVER \$21.
[00:47:55] OKAY. AND THEN ON THE EMPLOYEES, THE
[00:47:59] EMPLOYEES. I'LL JUST SAY WE DON'T HAVE A
[00:48:01] SPECIFIC FORECAST AT THIS POINT. YEARS
[00:48:05] PAST, WE HAD A STAFFING STUDY, AND WE,
[00:48:07] IN ESSENCE, COMPLETED FULFILLING THAT.
[00:48:10] AND UNLESS LANCE WANTS TO OFFER ANY
[00:48:14] INSIGHTS, I THINK THAT THAT IS REALLY TO
[00:48:16] FOLLOW. I WILL SAY THAT WE HAD 19 FTES
[00:48:19] THAT WE HAVE RETAINED AS BEING FROZEN,
[00:48:23] THAT WE WILL LIKELY WANT TO FILL IN
[00:48:25] FUTURE YEARS. AND WE HAD 31 FTES THAT
[00:48:29] WE'VE COMPLETELY ELIMINATED. OF THOSE 51
[00:48:33] FROZEN THAT WE RETAINED FROZEN,
[00:48:36] I CAN'T GIVE YOU A SPECIFIC NUMBER FOR A
[00:48:39] STAFFING FORECAST AT THE PORT IS VERY
[00:48:42] QUICK MARK ON THE STAFF IN STUDY,
[00:48:43] ESSENTIALLY TO COST 2022. SO WE HAVE TO
[00:48:46] DO ANOTHER STAFF INSTEAD OF 2023 AND
[00:48:48] BEYOND. OKAY. MAYBE THAT'S SOMETHING. I
[00:48:51] DON'T KNOW IF THERE'S MONEY FOR THAT,
[00:48:53] BUT I THINK WE SHOULD ALL BE INTERESTED
[00:48:55] IN THAT JUST IN TERMS OF OBVIOUSLY, AS

[00:48:58] YOU POINTED OUT THE COST FOR EMPLOYMENT
[00:49:01] IS THE SECOND HIGHEST OF OUR BUDGET
[00:49:04] ITEMS. AND I GUESS WITHOUT GOING INTO A
[00:49:07] LOT OF DETAIL RIGHT NOW, UNDERSTANDING
[00:49:08] OR ALL OF THESE POSITIONS POSITIONS THAT
[00:49:10] YOU EXPECT THAT WE'RE GOING TO NEED OVER
[00:49:13] THE NEXT 15 YEARS. ARE THEY PERMANENT
[00:49:15] POSITIONS? AND THEN AGAIN WITH STAMP
[00:49:17] COMING ONLINE, WHAT YOU EXPECT TO SEE
[00:49:19] AND THEN MY LAST QUESTION, YOU DON'T
[00:49:21] HAVE TO ANSWER IT NOW UNLESS YOU CAN.
[00:49:23] WHY ARE WE NOT BUDGETING FOR SNOW?
[00:49:26] WELL, THE SIMPLE ANSWER ON SNOW IS
[00:49:29] HISTORICALLY IT WAS NOT
[00:49:33] A VERY COMMON OCCURRENCE, AND WE'VE GONE
[00:49:37] BACK OVER TEN TO 15 YEARS. AND IF IT
[00:49:40] WHEN WE BUDGET FOR IT, IT GOES INTO THE
[00:49:42] AIRLINE RATE BASE. AND SO WE DON'T LIKE
[00:49:44] TO CHARGE FOR SOMETHING THAT MAY NOT
[00:49:47] HAPPEN. AND SO WHAT WE'VE OPTED FOR IS
[00:49:51] TO NOT BUDGET FOR A MAJOR SNOW EVENT.
[00:49:54] IF A MAJOR SNOW EVENT HAPPENS, WE
[00:49:56] RECOGNIZE THAT WE'RE GOING TO HAVE TO
[00:49:59] TRY TO ABSORB IT. AND THAT'S WHAT WE'VE
[00:50:01] DONE THE LAST FEW YEARS. WE LIKE TO
[00:50:03] BLAME LANCE FOR THE REGULAR SNOW. WE'VE
[00:50:06] BEEN HAPPY AND RECENTLY BECAUSE IT NEVER
[00:50:08] HAPPENED BEFORE 2016. I WAS JUST
[00:50:11] GOING TO SAY WHEN I FIRST MOVED TO
[00:50:13] SEATTLE BACK IN 1991. YOU'RE RIGHT. IT
[00:50:16] WAS VERY RARE. BUT THAT HASN'T BEEN THE
[00:50:18] CASE IN THE LAST FIVE YEARS. THAT'S WHAT
[00:50:20] I WAS TOLD IN MY INTERVIEWS.
[00:50:24] I THINK MY TWO CENT IS WE SHOULD PERHAPS
[00:50:26] START BUDGETING FOR THAT. ALRIGHT, I'M
[00:50:28] DONE. THANK YOU VERY MUCH. THANK YOU,
[00:50:30] COMMISSIONER, ABOUT MY COMMISSIONER
[00:50:32] CALKINS FOR QUESTION. SO MY QUESTION
[00:50:36] IS SORT OF GENERALLY SPEAKING, I THINK
[00:50:39] WE HAVE KIND OF STEP INCREASES IN MANY
[00:50:42] OF OUR REVENUE AGREEMENT. SO I BELIEVE
[00:50:45] THAT'S THE CASE IN THINGS LIKE LEASES,
[00:50:47] WITH CONCESSIONNAIRES AND OTHER THINGS.
[00:50:49] I'M WONDERING WITH PARKING,
[00:50:53] HOW DO WE DETERMINE PARKING RATES? IS IT
[00:50:56] KIND OF DONE ON A YEARLY ADHOC BASIS?
[00:50:58] IS IT DONE AS A AN EXAMINATION
[00:51:02] OF MARKET CONDITIONS AND BASED
[00:51:06] ON WHAT I CAN BEAR? IS IT BASED ON HOW
[00:51:07] I'M SHOWING WE'RE GOING TO HIT HERE AND
[00:51:11] RELATIVE TO 19. SO I'M JUST WONDERING,
[00:51:15] DOES THIS BUDGET ALREADY ACCOUNT FOR
[00:51:18] SOME INCREASE IN THE PARKING RATES? ARE
[00:51:19] WE CONTEMPLATING THAT AND HAVEN'T BOOKED
[00:51:22] YET? WHAT ARE WE THINKING FOR THAT? AND
[00:51:23] ARE THERE OTHER AREAS WHERE WE DON'T
[00:51:25] HAVE STEPPED INCREASES TO SORT
[00:51:29] OF REFLECT THE JUST INFLATION
[00:51:34] GENERALLY. SO LET ME TRY TO
[00:51:37] ANSWER THAT IN A COUPLE OF WAYS. LET'S
[00:51:39] START WITH THE CONCESSION SIDE OF IT
[00:51:42] THERE. WE'RE REALLY LOOKING AT A
[00:51:45] PERCENTAGE. SO THEN WE GET

[00:51:48] A PERCENTAGE OF THE CONCESSION REVENUES.
[00:51:51] AND SO THAT IS REALLY DRIVEN BY THE
[00:51:53] PASSENGER LEVEL AND THE SPENDING THAT
[00:51:55] DRIVES OUR REVENUES. SO THAT WOULD BE
[00:51:57] TRUE FOR THE AIRPORT, DINING AND RETAIL.
[00:51:59] IT'S TRUE FOR THE RENTAL
[00:52:03] CARS. AND THEN YOU HAVE GROUND
[00:52:06] TRANSPORTATION, WHICH IS PIER TRIP FEES
[00:52:09] OFTEN. SO THOSE GO UP WITH PASSENGER
[00:52:11] LEVELS AS WELL. PARKING IS A LITTLE
[00:52:14] DIFFERENT BECAUSE WE RUN AND MANAGE
[00:52:16] THAT. AND ONE OF THE PROGRAMS THAT WE'VE
[00:52:20] HAD IS THE RESERVE PARKING. AND THAT IS
[00:52:21] A WAY OF TRYING TO STIMULATE DEMAND, TO
[00:52:25] GET PEOPLE TO BUY IN ADVANCE.
[00:52:29] AND ONE OF THE POSITIONS THAT WE HAVE
[00:52:32] FOR THIS COMING BUDGET IS A REVENUE
[00:52:37] ANALYST TO SUPPORT OUR PARKING PROGRAM.
[00:52:40] AND THAT'S REALLY TO LOOK AT SORT OF
[00:52:42] MANAGEMENT CONCEPTS AND TRYING TO LOOK
[00:52:44] TO OPTIMIZE WHAT WE CAN DO WITH THE
[00:52:47] GARAGE AND MAKE SURE WE ARE ABLE TO FILL
[00:52:49] IT IN THE ON PEAK TIMES AND AND
[00:52:53] REALLY DRIVE THE REVENUE ON THAT SIDE
[00:52:56] BECAUSE THAT'S REALLY UP TO US. BUT
[00:52:57] THERE'S NO, I'M NOT AWARE OF A PLANNED
[00:53:01] PRICE INCREASE ACROSS THE BOARD PER SE,
[00:53:05] BUT IT'S ONE OF THOSE THINGS THAT WE
[00:53:07] LOOK AT THE SUPPLY AND DEMAND AND HOW
[00:53:10] FULL THE GARAGE IS, AND CERTAINLY PRICES
[00:53:13] IS A TOOL. WE HAVE TO MANAGE THE GARAGE
[00:53:16] CAPACITY THAT CAN ALSO RESULT IN
[00:53:17] INCREASED REVENUES SO WORN. I BELIEVE
[00:53:19] THEY'VE GOT TO ADD TO THAT MISSION IN
[00:53:22] TERMS OF THE AGENTS. I THINK WE'VE ONLY
[00:53:24] HAD ONE SINCE I'VE BEEN RNM ALMOST SIX
[00:53:26] YEARS NOW THAT I'VE BEEN HERE. SO WE
[00:53:28] WERE ACTUALLY LOOKING AT A PRICE
[00:53:31] INCREASE JUST PIER TO THE PANDEMIC. BUT
[00:53:32] THEN THE PANDEMIC HAPPENS, SO WE DIDN'T
[00:53:34] THINK IT WOULD BE APPROPRIATE TO DO A
[00:53:37] PRICE INCREASE DOING THAT. AND ALSO WHAT
[00:53:40] WE TRY TO DO WHEN WE'RE DOING A PRICE
[00:53:42] INCREASE FOR PARKING IS WE TRY TO DO IT,
[00:53:44] FOR EXAMPLE, IN A NEW SERVICE COMES ON
[00:53:47] BOARD. SO FOR EXAMPLE, WHEN WE PUT THE
[00:53:49] PARKING GUIDANCE SYSTEM IN PLACE, THAT
[00:53:51] PROBABLY WOULD BE AN APPROPRIATE TIME TO
[00:53:53] LOOK AT HAVING A PRICING IS BECAUSE
[00:53:54] WE'RE GOING TO HAVE FAR NEW LEVEL OF
[00:53:56] SERVICE IN THE PARKING GARAGE AT THAT
[00:53:58] POINT AND WE'LL BE ACTUALLY TAKING ON
[00:54:00] ADDITIONAL EXPENSES OF A PARKING AT THAT
[00:54:03] POINT. SOME CHANCES ARE THAT'S WHEN
[00:54:04] WE'RE GOING TO LOOK AT IT AND WE'LL BE
[00:54:06] SOMEWHAT OVER THE PANTS, HOPEFULLY OVER
[00:54:08] THE PENDING MAKE UP THAT TO ME. THANK
[00:54:11] YOU. I THANK YOU.
[00:54:14] COMMISSIONER CALKINS MOVING TO
[00:54:15] COMMISSIONER CHO YEAH, JUST A FEW
[00:54:19] QUESTIONS FOR YOU. THANKS FOR THE
[00:54:20] PRESENTATION. FIRST, I WANTED TO GET
[00:54:22] SOME CLARITY ON THIS

[00:54:25] PAYROLL VACANCY FACTOR OF 5%. CAN YOU
[00:54:28] JUST REAL QUICKLY FOR MY EDUCATION
[00:54:29] EXPLAINING WHAT EXACTLY THAT MEANS AND
[00:54:31] WHY WE'VE TAKEN WE'VE INCREASED THAT.
[00:54:34] DOES THAT MEAN WE'RE NOT WE'RE
[00:54:38] NOT EXPECTING AS MUCH. SO WHAT
[00:54:43] IT IS IS BASICALLY IF WE BUDGET
[00:54:47] FOR OUR STAFF FOR 2022 AND
[00:54:51] IF WE ASSUME WE WILL BE AT FULL FULL
[00:54:54] STAFFING IN THE ENTIRE YEAR, WE WOULD
[00:54:57] HAVE A VACANCY. ALRIGHT, BECAUSE WE'RE
[00:54:59] PAYING EVERYBODY AND OUR BUDGET HAS TO
[00:55:02] REFLECT WHAT WE'RE GOING TO PAY. BUT
[00:55:04] WHAT WE'VE DISCOVERED OVER MANY YEARS IS
[00:55:07] THAT THERE'S ALWAYS A CERTAIN AMOUNT OF
[00:55:09] ATTRITION PEOPLE LEAVE THE ORGANIZATION
[00:55:11] AND IT TAKES TIME TO FILL THOSE
[00:55:14] POSITIONS. SO WE HAVE GAPS AND THOSE
[00:55:17] GAPS OR THE TIME FRAME. WE ACHIEVE SOME
[00:55:20] SAVINGS BECAUSE WE ACTUALLY ARE BELOW
[00:55:23] OUR STAFFING LEVEL FOR A VARIETY OF
[00:55:25] REASONS. AND SO IF WE WENT BACK A FEW
[00:55:29] YEARS, I THINK WE WERE AT THREE TO THREE
[00:55:31] AND A HALF PERCENT WAS WHAT WE WERE
[00:55:32] USING. AND THEN WE DROPPED IT
[00:55:35] SIGNIFICANTLY FOR 2021 BECAUSE WE DIDN'T
[00:55:39] EXPECT MUCH TURNOVER BECAUSE WE CUT SO
[00:55:41] MANY POSITIONS. AND IT WAS SUCH A WE
[00:55:43] THOUGHT A TIGHT JOB MARKET. BUT WE'VE
[00:55:45] ACTUALLY SEEN A FAIR AMOUNT OF ATTRITION
[00:55:47] THIS YEAR AND JUST THE DEMOGRAPHICS OF
[00:55:50] THE ORGANIZATION. THERE ARE A LOT OF
[00:55:52] PEOPLE THAT ARE NEAR OR AT RETIREMENT
[00:55:54] LEVEL. AND YOU'VE PROBABLY READ ABOUT
[00:55:57] THE GREAT RESIGNATION THAT A LOT OF
[00:56:00] COMPANIES ARE SEEING. AND SO THERE IS A
[00:56:02] LOT OF TURNOVER, AND IT CAN BE VERY
[00:56:04] CHALLENGING TO FILL THOSE POSITIONS. SO
[00:56:07] RIGHT NOW, THE 5% VACANCY FACTOR IS
[00:56:10] BEING IMPLEMENTED PORT WIDE. I THINK DAN
[00:56:12] THOMAS EXPLAINED THAT A COUPLE OF WEEKS
[00:56:14] AGO AND WE THINK IT'S REASONABLE FOR THE
[00:56:17] WORLD AND THE ECONOMIC ENVIRONMENT WE'RE
[00:56:19] IN. SO THAT PART OF THE CALCULATION
[00:56:23] MAKES SENSE TO ME. I THINK THE STATISTIC
[00:56:25] THAT CAME OUT THIS MORNING WAS IN AUGUST
[00:56:28] 3% OF AMERICA'S WORKFORCE RESIGN, WHICH
[00:56:31] IS EXTREMELY SIGNIFICANT. SO THAT MAKES
[00:56:33] SENSE TO ME. BUT THE PART THAT THAT I
[00:56:37] DON'T SEE FACTOR IN THIS IS THAT WITH
[00:56:39] ATTRITION ALSO COMES THE COST OF
[00:56:41] ONBOARDING NEW PEOPLE. SO HOW DO WE
[00:56:43] ACCOUNT FOR THAT COST? WELL,
[00:56:47] THAT IS A CHALLENGE. I MEAN, THE COST OF
[00:56:49] ON BOARDING IS REALLY THE TIME THAT
[00:56:52] TAKES TO HIRE AND TRAIN SOMEBODY NEW.
[00:56:55] AND WHAT THE COST, IF YOU WILL, IS
[00:56:58] USUALLY IN WHAT'S NOT GETTING DONE. TO
[00:57:01] BE HONEST, BECAUSE THERE IS A FINANCIAL
[00:57:04] SAVINGS. BUT IT JUST MEANS THAT WHAT WE
[00:57:07] WERE HOPING THAT INDIVIDUAL WOULD DO,
[00:57:09] THAT INDIVIDUAL IS NOT AVAILABLE TO DO.
[00:57:11] SO THAT I THINK IS THE COST OKAY.

[00:57:14] AND THEN THIS IS NOT A BUNCH OF
[00:57:18] QUESTIONS, MORE LIKE AN HR QUESTION AND
[00:57:20] MAYBE FOR STEVE, BUT IT WOULD BE GREAT
[00:57:21] IF WE CAN GET A SENSE OF WHAT THE
[00:57:23] NUTRITION HAS BEEN LIKE FOR US TO THE
[00:57:25] PORT AND WHETHER THAT TRACKS WITH WHAT'S
[00:57:28] HAPPENING IN THE BROADER LABOR MARKET.
[00:57:30] I THINK MY HYPOTHESIS WOULD BE THAT
[00:57:33] THERE'S A LITTLE MORE STICKINESS AT
[00:57:35] AIRPORTS BECAUSE THERE AREN'T A LOT OF
[00:57:37] OPTIONS OUTSIDE OF D.
[00:57:40] SO IT LOOKS LIKE STEVE WAS 91 TO RESPOND
[00:57:44] REAL QUICKLY. YEAH. MY MIND JUST
[00:57:46] COMMISSIONER. I WAS JUST BASED ON THE
[00:57:49] OTHER QUESTIONS FROM COMMISSIONER BOWMAN
[00:57:52] AS WELL. I THINK WE CAN TALK ABOUT KIND
[00:57:53] OF THE OVERALL VIEW OF OUR WORKFORCE AND
[00:57:56] SOME OF THOSE FACTORS AND DRIVERS. AND
[00:57:59] REALLY, FOR US, IT'S A BIG FOCUS OF US
[00:58:02] BECAUSE OF THE DIFFERENT FACTORS ABOUT
[00:58:04] THAT. BUT ALSO COMING OUT OF THESE LAST
[00:58:07] COUPLE OF YEARS, THE CHALLENGES THAT ARE
[00:58:09] LAYERED UPON THAT AND ABOUT BRINGING
[00:58:11] PEOPLE ON SO NOT TO DO IT, NOT TO DIVE
[00:58:13] INTO IT NOW. BUT I CAN TALK MORE ABOUT
[00:58:14] THAT IN MORE INFORMATION ABOUT OUR
[00:58:17] APPROACH TO THAT AND OUR FORECAST GOING
[00:58:19] FORWARD. YEAH. I THINK FOR MOST JOBS AND
[00:58:22] ASSOCIATED COSTS, I'M SORRY TO STEP IN
[00:58:24] THERE. RIGHT. I WOULD ARGUE THAT MOST
[00:58:26] JOBS PEOPLE CAN TRANSITION PRETTY
[00:58:28] SIMILARLY. BUT RUNNING OUR AIRPORT IS
[00:58:30] PRETTY NICHE. I WOULD SAY EVERY AIRPORT
[00:58:32] IS DIFFERENT. AND SO I WOULD IMAGINE
[00:58:34] THERE'S A HUGE COST TO GETTING FOLKS ON
[00:58:38] BOARDED. THE OTHER QUESTION I HAD BROKEN
[00:58:41] JUST FOR MY EDUCATION IS IS THE DEBT
[00:58:43] SERVICE COVERAGE RATIO?
[00:58:48] YES. IT'S SIMPLY IF WE LOOK AT THE
[00:58:51] AMOUNT OF DEBT SERVICE THAT WE HAVE TO
[00:58:54] PIER THE COVERAGE IS THE PERCENTAGE
[00:58:57] ABOVE THAT. SO IF IF THE DEBT SERVICE IS
[00:59:00] 100 MILLION AND WE CAN
[00:59:05] DEMONSTRATE THAT WE HAVE 150,000,000 OF
[00:59:08] CASH AVAILABLE, THAT WOULD BE THAT
[00:59:12] WOULD BE 1.5 COVERAGE OR ONE OF OUR
[00:59:16] REQUIREMENT. SO WHAT WE'RE SHOWING IS
[00:59:19] 1.9 THAT IS ALMOST DOUBLE THE AMOUNT
[00:59:22] THAT WE NEED TO PAY THE DEBT SERVICE.
[00:59:28] THAT'S A VERY STRONG RATIO. BUT IF YOU
[00:59:31] GO BACK AND LOOK AT THE CALCULATION, IT
[00:59:33] IS HIGHLY DRIVEN BY THE FACT THAT WE ARE
[00:59:37] USING GRANTS AND PFCs TO PAY THE DEBT
[00:59:40] SERVICE DIRECTLY TO BRING DOWN THE NET
[00:59:43] AMOUNT. AND THIS IS A COVERAGE
[00:59:45] CALCULATION THAT IS REALLY USED FOR OUR
[00:59:48] AIRLINE AGREEMENT. AND THAT COVERAGE
[00:59:50] CALCULATION. IT'S A SLIGHTLY DIFFERENT
[00:59:52] CALCULATION THAT IS DONE ON A PORT WIDE
[00:59:55] BASIS JUST BECAUSE OF THE WAY THE GRANTS
[00:59:56] AND THE PFC ARE TREATED AS REVENUE AS
[00:59:59] OPPOSED TO AN OFFSET TO DEBT SERVICE.
[01:00:01] SO THIS IS 1.91 DEBT

[01:00:06] COVERAGE. DO YOU KNOW OFF THE TOP OF
[01:00:09] YOUR HEAD HOW MUCH OF THAT IS FEDERAL
[01:00:13] GRANTS? WHERE WOULD WE BE IF WE DIDN'T
[01:00:16] RECEIVE FEDERAL GRANTS? I WILL
[01:00:20] SHOW YOU THAT CALCULATION. I'LL SHOW YOU
[01:00:22] THE NUMBERS IF WE GO BACK A COUPLE OF
[01:00:25] SLIDES AND I THINK IT WILL BECOME A
[01:00:28] PARENT RIGHT HERE. YEAH.
[01:00:32] NEXT SLIDE, PLEASE. ALRIGHT. SO IF YOU
[01:00:36] LOOK IN THE 2022 COLUMN AND YOU SEE NEAR
[01:00:41] THE VERY BOTTOM, IT SAYS FEDERAL RELIEF
[01:00:43] GRANTS USED TO PAY DEBT SERVICE THE 66
[01:00:45] MILLION. SO IF WE TOOK THAT OUT AND
[01:00:48] REDID THE CALCULATION, WHICH I WON'T DO
[01:00:50] RIGHT NOW, BUT YOU'D SEE WHERE WE END
[01:00:52] UP, WE STILL END UP IN A PRETTY GOOD
[01:00:54] PLACE, BUT NOWHERE NEAR 1.9, IT LOOKS
[01:00:58] LIKE AROUND ONE POINT 35, WHICH IS KIND
[01:01:00] OF OUR TARGET ANYWAY, RIGHT? YEAH.
[01:01:02] OKAY. ALRIGHT. THAT'S IT FOR ME. THANK
[01:01:04] YOU. THANK YOU. COMMISSIONER CHO
[01:01:06] COMMISSIONER STEINBRUECK YEAH. THANK
[01:01:08] YOU VERY MUCH. BORGAN FOR GETTING US
[01:01:11] THROUGH INCREDIBLY DIFFICULT
[01:01:15] YEAR FINANCIALLY AND OTHERWISE.
[01:01:17] IT'S REMARKABLE WHAT YOU'VE ACHIEVED AND
[01:01:21] STAFF AT THE AIRPORT.
[01:01:25] I THINK IT'S A BIT OF WORK OF MAGIC,
[01:01:28] BUT OF COURSE, WHAT WOULD I KNOW AND THE
[01:01:31] FEDERAL RELIEF CERTAINLY WAS OF GREAT
[01:01:34] HELP. I CAN SEE THAT I WANTED TO ASK YOU
[01:01:37] WITH REGARDS SPECIFICALLY TO THE CAPITAL
[01:01:39] PROGRAM GROWTH INJECTION. HOW ARE WE
[01:01:43] ACCOMMODATING THAT GROWTH WITH REGARD TO
[01:01:45] ADMINISTRATIVE SERVICES OF THE
[01:01:47] ARCHITECTS OFFICE OF THE AIRPORT,
[01:01:49] INCLUDING DESIGN REVIEW, QUALITY
[01:01:52] CONTROL, PROJECT OVERSIGHT COORDINATION,
[01:01:56] ETC. AND WHAT DO YOU PROJECT IN TERMS OF
[01:02:00] ANY ADDITIONAL STAFF SUPPORT IN THAT
[01:02:02] AREA? OKAY. BIG QUESTION.
[01:02:08] I'LL START BY SAYING WE HAVE AND ARE
[01:02:12] ADDING RESOURCES THROUGHOUT THE
[01:02:14] ORGANIZATION TO SUPPORT THE CAPITAL
[01:02:16] PROGRAM. I WILL HAVE TO
[01:02:19] GET BACK TO YOU ON THE SPECIFICS AS IT
[01:02:21] RELATES TO THE THE ARCHITECTURAL
[01:02:24] PROGRAM. I BELIEVE WE ARE ADDING AN FTE,
[01:02:26] BUT I HAVE TO GO BACK AND LOOK,
[01:02:30] DO I SEE A HAND UP THERE? IS THAT
[01:02:33] PERHAPS, JEFFREY? YEAH.
[01:02:35] GO AHEAD, PLEASE.
[01:02:38] YOU'RE RIGHT. HAVING SOME POSITIONS
[01:02:43] FOR ADMINS ON POSITIONS IN THOSE AREAS.
[01:02:46] COMMISSION STEINBRUECK, BUT WE HAVE TO
[01:02:48] BALANCE OUR FTE NEEDS ACROSS THE BOARD.
[01:02:52] I MEAN, WE CAN GIVE ALL THE FTES TO ONE
[01:02:55] DEPARTMENT. WE HAVE TO BALANCE
[01:02:56] OPERATIONAL THE CAPITAL GROWTH. SO WE
[01:02:59] ARE RIVER STRATEGIC AND MATCHING UP OUR
[01:03:02] NEEDS AND ARCHITECTURAL OFFICE DESIGN
[01:03:06] REVIEW. WE HAVE DONE SOME WORK AROUND
[01:03:08] IMPROVEMENTS WORKING WITH ARE TEAM

[01:03:11] AROUND IMPROVEMENTS IN DESIGN REVIEW,
[01:03:13] AND WE HAVE STARTED TO IMPLEMENT THAT.
[01:03:15] SO WE'RE ADJUSTING THOSE NEEDS. NOT
[01:03:18] PROBABLY TOTALLY THAT YOU OR OTHER
[01:03:21] PEOPLE TO EXPECT, BUT WE HAVE TO BALANCE
[01:03:23] OUR NEEDS. SURE, I UNDERSTAND THAT.
[01:03:26] BUT THIS IS NOT TO ME AN ISSUE OF
[01:03:28] EQUITABLE DISTRIBUTION OF FTES. IT'S AN
[01:03:30] ISSUE OF WHAT AREAS OF PLAN
[01:03:35] FUTURE DEVELOPMENT REQUIRE ADDITIONAL
[01:03:37] SUPPORT THAT SHOULD BE VIEWED
[01:03:41] INDEPENDENTLY OF OTHER FTE NEEDS IN
[01:03:44] TERMS OF HOW WE CAN BEST ACCOMMODATE THE
[01:03:48] NECESSARY SERVICE REQUIREMENTS THAT ARE
[01:03:51] CALLED FOR WITH THE GROWTH IN CAPITAL,
[01:03:53] THE PERMISSION. WE'RE BALANCING THAT
[01:03:55] WITH FTE AND CONSULTANT REQUEST, WE
[01:03:58] MIGHT WANT TO TALK A LITTLE BIT OF OKAY,
[01:04:00] WE CAN FOLLOW UP WITH THAT. THANK YOU.
[01:04:02] OKAY. THANK YOU. COMMISSIONER STEINBRUECK.
[01:04:04] COMMISSIONER FELLEMAN. THANK YOU.
[01:04:08] AGAIN, I SAW THERE WAS, LIKE,
[01:04:10] 975,000,000 FOR AIR SERVICE INCENTIVES.
[01:04:14] WHAT DOES THAT ENTAIL? WE HAVE
[01:04:18] A AIR SERVICE DEVELOPMENT PROGRAM, AND
[01:04:21] WHEN A CARRIER IMPLEMENT A NEW
[01:04:25] SERVICE, THEY CAN QUALIFY FOR AN
[01:04:27] INCENTIVE. AND SO WE PROVIDE SOME
[01:04:30] MARKETING AND SUPPORT COSTS TO
[01:04:34] THE AIRLINE. SO IT'S A COST TO THE
[01:04:36] AIRPORT. AND IT'S HELPING A CARRIER
[01:04:39] PRIMARILY INTERNATIONAL. ALTHOUGH A
[01:04:41] DOMESTIC CAN QUALIFY AS WELL. AND IT
[01:04:43] ALLOWS THEM TO MARKET THAT NEW SERVICE
[01:04:46] TO HELP GET IT ESTABLISHED. AND THAT'S
[01:04:49] SOMETHING THAT WE'VE HAD THIS PROGRAM IN
[01:04:52] PLACE FOR MANY YEARS. AND CASO
[01:04:56] SATA AND HER TEAM WOULD SAY THAT THIS IS
[01:04:58] A REALLY IMPORTANT PART OF ATTRACTING
[01:05:01] NEW INTERNATIONAL SERVICE. AND SO
[01:05:04] BECAUSE WE'VE BEEN SUCCESSFUL IN
[01:05:06] ATTRACTING NEW SERVICE IN RECENT YEARS,
[01:05:09] THAT'S WHY THE MONEY IS INCLUDED IN THE
[01:05:12] BUDGET. IT'S REALLY A REQUIREMENT TO
[01:05:14] FULFILL OUR CONTRACTUAL OBLIGATIONS.
[01:05:19] SO YOU REALLY THINK THAT THAT'S GOING TO
[01:05:21] MAKE THE DIFFERENCE BETWEEN AN AIRLINE?
[01:05:23] I MEAN, I COULD SEE WHY IT'S BENEFICIAL,
[01:05:26] BUT DO YOU REALLY THINK THAT THAT'S
[01:05:28] WHAT'S GOING TO MAKE A DECISION FOR AN
[01:05:30] AIRLINE TO START A NEW SERVICE HERE? I
[01:05:34] DON'T KNOW. LAST WOULD YOU LIKE TO I
[01:05:37] COULD JUMP IN HERE FOR SOME OF THE
[01:05:38] AIRLINES. IT PROBABLY WON'T BECAUSE
[01:05:40] THEY'VE DONE THEIR CALCULATION AND
[01:05:41] THEY'LL DETERMINE WITH US THEY'RE GOING
[01:05:44] TO MAKE A PROFIT OR ONE AIRLINE RECENTLY
[01:05:47] TOLD US THEY CHOSE VANCOUVER OVER US
[01:05:49] BECAUSE THEY HAD A BETTER INCENTIVES
[01:05:52] PACKET. I DON'T KNOW HOW TRUE THAT IS.
[01:05:55] BUT IT'S AN EXPECTATION FROM THE
[01:05:57] AIRLINES EVERY YEAR FOR EVERY AIRPORT
[01:05:59] HAS THIS INCENTIVE PROGRAM IS NOT JUST

[01:06:01] US, AND IT REALLY HELPS THEM TO GET OVER
[01:06:05] THE INITIAL HOME, BECAUSE WHEN AN
[01:06:06] AIRLINE THE SIDE, FOR EXAMPLE, THEY'RE
[01:06:08] GOING TO DO A LONG, HARD ROAD. YOU'RE
[01:06:10] TALKING A MAJOR INVESTMENT FOR THEM TO
[01:06:14] DO IT. AND IT'S A SIGNIFICANT BENEFIT
[01:06:15] NOT TO WHATEVER REGION OR CITY THAT
[01:06:18] THEY'RE CHOPPING TO. SO IT'S REALLY KIND
[01:06:20] OF EXPECTED. WHAT ABOUT IT WILL MAKE THE
[01:06:22] DIFFERENCE? I DON'T KNOW WHAT IT'S
[01:06:25] EXPECTED FROM THE AIRLINES ANYWAY. IT'S
[01:06:27] A COMMON PRACTICE ACROSS AIRPORTS.
[01:06:29] YES. ALRIGHT. THAT'S FINE. I TAKE
[01:06:33] SOME QUESTION ABOUT HOW THESE DIFFERENT
[01:06:36] COST CENTERS ARE ALLOCATED. LIKE WE HAVE
[01:06:39] THE A CONFERENCE ASSOCIATED WITH A
[01:06:42] COMMUNITY COMMUNITY COST.
[01:06:45] I'M NOT SURE IS THAT BUSINESS
[01:06:49] DEVELOPMENT RATHER THAN A COMMUNITY
[01:06:51] ASSET. SO THE
[01:06:57] MONEY IS THE SAME. BUT THE FACT THAT
[01:06:58] IT'S ALLOCATED TO COMMUNITY SEEMS TO BE
[01:07:01] A LITTLE ODD, AT LEAST AS I UNDERSTAND
[01:07:05] OUR COMMUNITY PROGRAMS. IS THERE ANY
[01:07:07] THOUGHTS ON THAT? WELL, I THINK HOW WE
[01:07:10] CATEGORIZE IT. YOU'RE RIGHT. WE COULD
[01:07:13] HAVE PUT IT IN A COUPLE OF DIFFERENT
[01:07:14] PLACES, BUT I THINK THAT IT'S CERTAINLY
[01:07:16] SOMETHING THAT IS BRINGING A BIG
[01:07:18] CONFERENCE TO SEATTLE. IT'S HIGHLIGHTING
[01:07:22] THE IMPORTANCE OF THE AIRPORT, AND I
[01:07:26] THINK IT'S A STRONG ECONOMIC DEVELOPMENT
[01:07:30] CONTRIBUTION TO THE REGION. SO, BORGAN,
[01:07:33] I COULD ADD TO THAT. AND WE COULD
[01:07:34] REWRITE COMMISSIONER, WE COULD PUT IT IN
[01:07:36] SEVERAL OTHER CATEGORIES WHERE YOU'RE
[01:07:37] LOOKING AT ABOUT 2500 PEOPLE COME INTO
[01:07:40] THIS CONFERENCE IS GOING TO BE MAJOR
[01:07:42] BENEFITS FOR ALL THE RESTAURANTS THAT'S
[01:07:44] GOING TO BE IN THE VICINITY OF THAT
[01:07:46] CONFERENCE. THE GROUND TRANSPORTATION,
[01:07:47] WHERE THE TAXI, UBER. THERE'S GOING TO
[01:07:49] BE HUGE BENEFITS TO THE COMMUNITY. BUT
[01:07:51] WE COULD PUT IT IN OTHER CATEGORIES AS
[01:07:53] WELL. YEAH, I UNDERSTAND. I APPRECIATE
[01:07:57] THAT EXPLANATION. IT'S JUST, YOU KNOW,
[01:07:58] THERE'S I GUESS MAYBE WHAT WE SHOULD DO
[01:08:02] IS HAVE, LIKE, SORT OF LITTLE
[01:08:03] DEFINITIONS OF WHAT THESE CATEGORIES
[01:08:06] MEAN. BECAUSE WHEN WE THINK ABOUT IN MY
[01:08:09] MIND, OUR COMMUNITY PROGRAMS ARE OFTEN
[01:08:11] THINGS THAT ARE, WELL, THESE ARE
[01:08:13] SPECIFICALLY THINGS THAT ARE NOT PAID
[01:08:15] FOR BY THE TAX LEVY. RIGHT.
[01:08:20] JUST EVEN DEFINING THAT AS THESE ARE NON
[01:08:23] LEVY COMMUNITY PROGRAMS, WHICH WOULD BE
[01:08:25] MORE OF THIS ECONOMIC DEVELOPMENT
[01:08:28] BENEFITS. SO I MEAN, I GUESS JUST THE
[01:08:30] CLARITY OF THE DEFINITION OF THOSE
[01:08:33] CATEGORIES MIGHT BE HELPFUL FOR
[01:08:35] CERTAINLY FOR ME. YEAH. COMMERCIAL. I
[01:08:37] THINK NORMALLY UNDER THE COMMUNITY
[01:08:39] CATEGORY, WE LOOK AT THE STUFF THAT WE

[01:08:41] DO TO MITIGATE THE IMPACT AT THE
[01:08:42] AIRPORT. THERE'S NOISE POLLUTION, ET
[01:08:44] CETERA. BUT WE ALSO MUST REMEMBER THAT
[01:08:46] THERE ARE BENEFITS TO THE PORT,
[01:08:50] THE COMMUNITY AS WELL FROM THE AIRPORT.
[01:08:51] AND THIS IS ONE OF THE BENEFITS. AND
[01:08:54] CLEARLY AND THOSE OTHER PROGRAMS YOU
[01:08:57] JUST DEFINED WOULD NOT BE IN THIS
[01:08:59] BUDGET. THAT WOULD BE IN THE TAX LEVY
[01:09:01] BUDGET. IS THAT TRUE? CORRECT. WOULD
[01:09:05] THEY BE REFLECTED IN HERE AS WELL, THE
[01:09:08] MITIGATION EFFORTS? YEAH. A LOT OF THE
[01:09:11] MITIGATION EFFORT WOULD BE REFLECTED OR
[01:09:12] IS REFLECTED IN THIS BUDGET. THE NOISE
[01:09:16] PROGRAM INVESTMENTS ARE TYPICALLY
[01:09:19] CAPITAL PROJECTS WHEN WE GO AND INSULATE
[01:09:22] POEMS OR CONDOMINIUMS OR THE LIKE. WE
[01:09:26] GET AN EASEMENT FOR THOSE. AND SO WE
[01:09:29] BOOK IT AS AN ASSET. AND SO THE MAJOR
[01:09:31] ELEMENTS OF OUR NOISE PROGRAM OR CAPITAL
[01:09:33] AND ALL THE EFFORTS THAT WE'RE DOING AS
[01:09:35] PART OF START IS THE NOISE FROM THE
[01:09:39] NOISE OR WORKING GROUP ARE THE POLICY
[01:09:41] WORKING GROUP THAT'S REFLECTED IN OUR
[01:09:43] OPERATING. PUT IT WELL, THE OPERATES IN
[01:09:45] RELATED STUFF IN THE THANK YOU FOR THAT
[01:09:49] CLARIFICATION. THEN I KIND OF THINK THAT
[01:09:50] THAT CATEGORY IS PERHAPS TOO BROAD.
[01:09:54] YOU KNOW, THEY ALL HAVE TO MAKE
[01:09:57] COMMUNITY BENEFITS, BUT THEY'RE VERY
[01:09:59] DIFFERENT. MAYBE THEY SHOULD COULD BE
[01:10:01] ECONOMIC BENEFITS VERSUS, YOU KNOW,
[01:10:05] MITIGATION BENEFITS. SO WE CAN RELOOK AT
[01:10:07] HOW WE CATEGORIZE UP OR. OKAY. THANK
[01:10:10] YOU. I JUST ALSO NOTE THAT WE'RE TALKING
[01:10:13] ABOUT A REDUCTION IN ENVIRONMENTAL
[01:10:16] LIABILITY. HOW DID THAT HAPPEN? SO THE
[01:10:21] ENVIRONMENTAL REMEDIATION LIABILITY AT
[01:10:23] THE AIRPORT IS VERY DRIVEN BY SPECIFIC
[01:10:26] CAPITAL PROJECTS, AND IT'S A CALCULATION
[01:10:30] THAT WE DO BASED ON WHAT WE ANTICIPATE
[01:10:33] TO BE THE TRIGGERING EVENTS. AND IT'S
[01:10:35] USUALLY ASBESTOS. IF WE'RE GOING INTO AN
[01:10:38] OLD FACILITY AND SOME YEARS WE HAVE A
[01:10:41] PROJECT THAT TRIGGERS SOME VERY
[01:10:43] SIGNIFICANT COSTS IN OTHER YEARS, LIKE
[01:10:45] NEXT YEAR, WE ACTUALLY DON'T ANTICIPATE
[01:10:48] ANYTHING REALLY BIG HAPPENING. WE'VE
[01:10:50] ALWAYS GOT SOME ONGOING ASBESTOS PROGRAM
[01:10:53] COSTS, BUT WE DON'T SEE ANY MAJOR
[01:10:55] TRIGGERING EVENTS NEXT YEAR. SO THAT'S
[01:10:57] WHY IT'S LOWER. SOUTH SATELLITE WOULDN'T
[01:11:00] HAVE IT'S NOT OF THAT VINTAGE. WELL, WE
[01:11:04] HAVE HAD SOME SOUTH SATELLITE
[01:11:06] REMEDIATION ALREADY GOING FORWARD. WHEN
[01:11:10] WE GET TO A POINT WHERE WE HAVE A
[01:11:12] TRIGGERING EVENT AND A TRIGGERING EVENT
[01:11:14] IS WHEN YOU OPEN UP A LAW AND THERE'S
[01:11:17] ASBESTOS BACK THERE. NOW YOU HAVE TO
[01:11:20] REMEDIATE IT. SO THAT TRIGGERS THE
[01:11:21] LIABILITY. THE FACT THAT WE'RE PLANNING
[01:11:23] TO DO IT DOESN'T TRIGGER THE LIABILITY.
[01:11:28] OKAY. SO THEN IT BECOMES A

[01:11:31] SURPRISE. WELL, IT BECOMES A FUTURE.
[01:11:35] EACH YEAR WE BUDGET FOR WHAT WE KNOW AT
[01:11:37] THE TIME. IN THE FUTURE, THERE WILL BE
[01:11:40] MORE ENVIRONMENTAL REMEDIATION
[01:11:42] LIABILITY. IT'S JUST THAT FOR 2022 BASED
[01:11:45] ON WHAT WE KNOW RIGHT NOW IT'S LOWER,
[01:11:49] BUT THAT'S A NUMBER THAT I I HATE TO SAY
[01:11:51] IT SORT OF IS WHAT IT IS BASED ON WHAT
[01:11:54] THE PROJECTS ARE DOING. THE BORG, I'M
[01:11:57] ABLE TO CLARIFY FOR THE OUTSET AS AN
[01:11:59] EXAMPLE, IF WE'RE GOING INTO
[01:12:01] CONSTRUCTION NEXT YEAR, THAT NUMBER
[01:12:03] WOULD BE HIGHER, BUT WE'RE NOT GOING TO
[01:12:04] GO INTO CONSTRUCTION NEXT YEAR. WE'RE
[01:12:05] STILL GOING TO BE IN PLANNING ON DESIGN,
[01:12:07] CORRECT. THAT'S THE BEST EXPLANATION.
[01:12:11] YES. ALRIGHT. SO THANK YOU. AND I STILL
[01:12:13] JUST LOOKING AT TRYING TO SEE IF THERE'S
[01:12:16] I DON'T SEE ANYTHING BUDGETED AGAIN FOR
[01:12:19] STAFF OR OTHER KIND OF
[01:12:22] IN THE ENVIRONMENTAL CATEGORY. SO I
[01:12:25] STILL FEEL THAT WE ARE LACKING
[01:12:28] IN OUR IMPLEMENTATION OF THE SLOW MOU.
[01:12:32] SO I'M HOPING TO SEE AN ONGOING A SOURCE
[01:12:36] OF SOME INVESTMENT THERE MAYBE
[01:12:40] BECAUSE I RAN OVER THAT SLIDE TOO FAST.
[01:12:42] WE'RE GOING TO CONTINUE, I THINK, TO
[01:12:46] ADVOCATE FOR A AND
[01:12:51] WE PROBABLY MISSED ON A COUPLE OF SITES,
[01:12:53] BUT I SEE A HAND UP SOMEONE. AND IF IT'S
[01:12:55] ONE OF THE ENVIRONMENT PEOPLE LEFT ON
[01:12:57] THE CALL. NO, IT'S COMMISSIONER BOWMAN.
[01:13:00] I WAS JUST GOING TO POINT OUT THAT IF
[01:13:02] I'M READING MY CALENDAR RIGHT, WE HAVE A
[01:13:04] HALF AN HOUR AND WE HAVE TWO MORE
[01:13:06] BUDGETS TO GET THROUGH. THAT'S CORRECT.
[01:13:08] YEAH. AND THAT'S CLEARLY
[01:13:13] THE CASE, SO WE CAN MOVE FORWARD. BUT WE
[01:13:15] ALL HAD QUESTIONS TO ASK, INCLUDING YOU,
[01:13:18] STEPHANIE. SO THANK YOU. LET'S MOVE
[01:13:19] FORWARD. OKAY. TURNING IT OVER
[01:13:23] TO KERI STEVENS.
[01:13:26] OKAY. THANKS, BORGAN.
[01:13:30] GOOD MORNING, COMMISSIONERS. I'M CARRY
[01:13:32] STEVENS WITH THE AVIATION CAPITAL
[01:13:34] PROGRAM MANAGEMENT TEAM. NEXT SLIDE,
[01:13:37] PLEASE. SO LAST YEAR, AROUND THIS TIME,
[01:13:40] WE PROVIDED A PREVIEW OF SOME OF THE
[01:13:43] LARGER PROJECTS FOR INCLUSION INTO THE
[01:13:45] CAPITAL PLAN. WE'D LIKE TO DO THAT AGAIN
[01:13:47] THIS YEAR. BUT FIRST, WE WANT TO GIVE A
[01:13:50] BRIEF UPDATE OF SOME OF THE PROJECTS
[01:13:51] THAT WE DISCUSSED LAST YEAR AND LET YOU
[01:13:53] KNOW HOW THEY PROGRESSED. I'M GOING TO
[01:13:55] ZOOM THROUGH THESE NEXT SLIDE PRETTY
[01:13:57] QUICKLY BECAUSE I THINK WE'RE KIND OF
[01:14:00] TIME LIMITED AND AND I THINK YOU GUYS
[01:14:01] ARE PRETTY WELL EDUCATED ON THIS. BUT C
[01:14:04] ONE BUILDING, OF COURSE, THIS IS THE
[01:14:07] FOUR STORY EXPANSION OF THE C ONE
[01:14:09] BUILDING. DESIGN IS MOVING ALONG VERY
[01:14:12] WELL RIGHT NOW. WE'RE EXPECTING 30% BY
[01:14:15] THE END OF THE YEAR. THIS IS LANCE HAD

[01:14:18] SAID EARLIER. THIS IS OUR FIRST MAJOR
[01:14:19] PROJECT THAT HAS GONE THROUGH THE
[01:14:21] SUSTAINABILITY FRAMEWORK, AND THE TEAM
[01:14:24] WILL BE PRESENTING THAT THE
[01:14:26] SUSTAINABILITY ELEMENTS IN DETAIL AT THE
[01:14:28] NEXT SUSTAINABILITY COMMITTEE MEETING.
[01:14:30] I THINK IT'S ACTUALLY NEXT WEEK. AND
[01:14:33] ALSO THIS IS A GCC DELIVERY METHOD.
[01:14:36] WE'VE GOT BOTH THE DESIGNER AND THE
[01:14:37] CONTRACTOR ON BOARD NOW AND PROVIDING
[01:14:40] CONSTRUCTIBILITY REVIEWS IN REAL TIME
[01:14:43] ESTIMATES AS THE DESIGN DEVELOPS. OKAY.
[01:14:45] NEXT SLIDE, PLEASE. NORTH MAIN TERMINAL
[01:14:49] PROJECT. YOU GUYS KNOW THIS ONE, TOO?
[01:14:50] THIS ONE IS ALASKA AIRLINES HAS BEEN
[01:14:53] DEVELOPING THIS. THIS ONE'S BEEN MOVING
[01:14:55] ALONG VERY FAST. WE'RE EXPECTING 30%
[01:14:58] DESIGN AT THE END OF THIS WEEK AGAIN,
[01:15:03] JUST TO GIVE YOU A LITTLE BIT OF
[01:15:04] INFORMATION ON THE SCOPE. THIS INCLUDES
[01:15:06] NEW PROMENADE, BUILDOUTS, ADA COMPLIANT
[01:15:09] RAMPS ON THE BACK CLAIM LEVEL,
[01:15:11] EXPANSION OF THE PASSENGER SCREENING
[01:15:13] CHECKPOINT, AND THEN JUST REALLY MUCH
[01:15:16] MORE GRAND HALL. LOOK FOR ALASKA'S
[01:15:18] TICKETING AREA. WE EXPECT IN THE NEXT
[01:15:21] COUPLE OF COMMISSION MEETINGS TO HAVE
[01:15:24] A REQUEST FOR 100 DESIGN COMING
[01:15:29] THROUGH. AND THEN WE'RE EXPECTING THAT
[01:15:32] THIS WOULD BE COMPLETE IN THE 220 AND 25
[01:15:36] RANGE. NEXT SLIDE, PLEASE.
[01:15:39] SO CONCOURSE A BUILDING
[01:15:43] EXPANSION FOR LOUNGES. THIS WAS
[01:15:45] SOMETHING THAT WE TALKED ABOUT LAST YEAR
[01:15:46] AS WELL. DELTA, OUR ALLIANCE IS
[01:15:49] DEVELOPING THIS PROJECT, BASICALLY
[01:15:52] EXPANDING THE BUILDING OFF OF THE
[01:15:54] BACKSIDE OF THE CONCOURSE. THAT
[01:15:56] EXPANSION ALLOWS FOR THE CLUB AT A CLUB
[01:15:59] AT SEA TO BUILD OUT AS WELL AS A
[01:16:02] NEW DELTA LOUNGE. DELTA CURRENTLY IS
[01:16:05] CLOSING IN ON AROUND 60% DESIGN AND THEY
[01:16:09] WILL BE OR WE WILL BE COMING FOR
[01:16:11] AUTHORIZATION. REQUEST FOR CONSTRUCTION
[01:16:13] AT THE END OF THE YEAR AND THIS IS
[01:16:15] ANTICIPATED TO BE COMPLETE BY 2023.
[01:16:19] NEXT SLIDE, PLEASE.
[01:16:21] SO SOUTH SATELLITE RENOVATION PROJECT.
[01:16:24] WE'RE REALLY DEEP INTO THE PROJECT
[01:16:27] DEFINITION DOCUMENT. THE PDD PHASE. WE
[01:16:30] ARE STARTING TO DEVELOP OUR PROJECT
[01:16:33] PHASING AND AS WELL AS GOING DEEPER INTO
[01:16:35] OUR PROJECT ESTIMATES, IT'S A COMPLEX
[01:16:38] PROJECT THAT WILL COMPLETELY UPGRADE THE
[01:16:40] FACILITY STRUCTURE AND UTILITIES AS WELL
[01:16:43] AS THE LOWER FLOORS WHERE THE FIS
[01:16:46] CURRENTLY IS. UNLIKE THE NORTH
[01:16:49] SATELLITE, WILL NOT HAVE THE ABILITY TO
[01:16:52] MOVE INTO AN EXPANDED SPACE WHILE WE
[01:16:56] RECONSTRUCT THE MAIN BODY OF THE
[01:16:58] FACILITY. WE'RE GOING TO BE BASICALLY
[01:17:01] BUILDING IN THE FACILITY AS EVERYBODY IS
[01:17:03] UTILIZING THAT. SO THIS WILL MAKE THE

[01:17:05] PHASING MORE CHALLENGING AND LEAD TO
[01:17:07] MOST LIKELY SOME LONGER TIME FRAMES FOR
[01:17:10] CONSTRUCTION. RIGHT NOW THE PROJECT IS
[01:17:12] ANTICIPATED COMPLETION INTO 29. NEXT
[01:17:16] SLIDE, PLEASE. I SO THE A
[01:17:19] CONQUERS DUTY FREE. WE DISCUSSED THIS
[01:17:22] LAST YEAR AS WELL. WE'RE REALLY EXCITED
[01:17:24] ABOUT GETTING THIS PROJECT OFF THE
[01:17:26] GROUND. WE'VE CURRENTLY COMPLETED OUR
[01:17:29] PHASE ONE PDD AND WE'RE GOING TO BE
[01:17:33] REQUESTING ACTUALLY AT THE NEXT
[01:17:35] COMMISSION MEETING, WE'RE GOING TO BE
[01:17:37] REQUESTING AUTHORIZATION TO GO INTO OUR
[01:17:39] PHASE TWO PDD. THIS PROJECT WILL PROVIDE
[01:17:43] A MUCH MORE IMMERSIVE DUTY FREE
[01:17:45] EXPERIENCE AND ASSIST US WITHIN
[01:17:47] INCREASING OUR DUTY FREE REVENUE.
[01:17:49] CURRENTLY, WE'RE ANTICIPATING COMPLETION
[01:17:52] IN 2026. OKAY. NEXT SLIDE,
[01:17:56] PLEASE. OKAY. SO THAT WAS THE
[01:17:59] PROJECT FROM LAST YEAR. NOW I WANT TO
[01:18:00] SHIFT TO THE PROJECTS THAT WE PUT INTO
[01:18:03] THIS YEAR'S CAPITAL PLAN. NEXT SLIDE,
[01:18:05] PLEASE. SO AS YOU KNOW, THE MAIN
[01:18:08] TERMINAL IS DATED AND COMING ON AROUND
[01:18:10] 50 YEARS WITHOUT A MAJOR RENEWAL
[01:18:13] REPLACEMENT. WE'VE HAD QUITE A FEW
[01:18:15] INDIVIDUAL RENEWAL PROJECTS ALREADY IN
[01:18:18] THE CAPITAL PLAN, BUT WE SAW THE NEED TO
[01:18:20] TAKE A MORE PROGRAMMED APPROACH TO
[01:18:22] PROVIDE FOR ALL THE WORK IN A MORE
[01:18:24] EFFICIENT AND COMPREHENSIVE MANNER. WE
[01:18:27] ALSO TOOK A LOOK AT OUR RENEWAL ELEMENTS
[01:18:29] THAT WERE NOT YET IN THE CAPITAL PLAN
[01:18:31] BUT WOULD BE SOON COMBINING ALL OF OUR
[01:18:34] CODE AND RENEWAL WORK TOGETHER INTO A
[01:18:36] COHESIVE PROGRAM AND TAKING INTO ACCOUNT
[01:18:39] HOW NORTH MAIN TERMINAL RENOVATION WILL
[01:18:41] CHANGE THE AESTHETIC AND INFRASTRUCTURE
[01:18:43] ON THE NORTH END. WE DEVELOPED OUR MAIN
[01:18:46] TERMINAL IMPROVEMENT PROGRAM. THIS
[01:18:48] PROGRAM IS BUILT ON SPECIFIC SCOPE THAT
[01:18:52] WAS ALREADY IN THE CAPITAL PLAN,
[01:18:53] PRIMARILY THE SPRINKLER AND SMOKE
[01:18:56] CONTROL WORK, WHICH FORMS THE MAJORITY
[01:18:57] OF THE SCOPE. OUR PLAN IS TO REQUEST
[01:19:00] DEVELOPMENT OF THE PROJECT DEFINITION
[01:19:02] DOCUMENT AT THE NEXT COMMISSION MEETING
[01:19:05] USING THE PLANNING BUDGET WE CURRENTLY
[01:19:08] HAVE AUTHORIZED FOR THE SPRINKLER AND
[01:19:09] SMOKE CONTROL WORK AS WELL AS OUR PRE
[01:19:11] ENGINEERING AND PREDESIGNED TASK. THIS
[01:19:14] PDD WILL LAST PROVIDE A SEQUENCE
[01:19:16] APPROACH OF HOW TO IMPLEMENT THE WORK,
[01:19:18] PROVIDING A COMPREHENSIVE OPERATIONAL
[01:19:20] IMPACT AVOIDANCE PLAN. NEXT SLIDE,
[01:19:23] PLEASE. SIMILAR TO THE MAIN TERMINAL
[01:19:27] PROGRAM, OUR CONCOURSE MODERNIZATION
[01:19:29] PROGRAM HAS ALSO BEEN IN DEVELOPMENT.
[01:19:31] CONCOURSE IS BC AND LAST A MAJOR
[01:19:34] IMPROVEMENT IN THE 90S. AT THIS POINT,
[01:19:37] MUCH OF OUR INFRASTRUCTURE IS RUNNING
[01:19:40] OUT OF CAPACITY AND LIFESPAN.

[01:19:42] SPECIFICALLY, WE ARE SEEING ISSUES WITH
[01:19:45] OUR HVAC SYSTEMS AS WE DEVELOP
[01:19:50] OUR NEEDS FOR THE CONCOURSE. WE BROKE
[01:19:52] THIS INTO TWO SUB PROGRAMS HANDLING THE
[01:19:54] SEALING AND ABOVE WORK AND THE WORK
[01:19:58] BELOW THE CEILING DO THE MORE CRITICAL
[01:20:00] NATURE OF THE WORK. WE HAVE INITIALLY
[01:20:02] FOCUSED ON CEILING AND ABOVE, AND WE
[01:20:05] CALL THIS CHIRRP, WHICH STANDS FOR
[01:20:08] CONCOURSE HPC INFRASTRUCTURE RENEWAL
[01:20:11] REPLACEMENT PROGRAM. THIS WORK WILL
[01:20:14] INCLUDE UPGRADING THE HPC, BUT ALSO NEW
[01:20:17] CEILING, LIGHTING AND SIGNAGE AND THE
[01:20:19] COMMON COURSES. WE ARE PROJECTING A
[01:20:21] \$255,000,000 BUDGET FOR THIS WORK, BUT
[01:20:24] WE'LL REFINE THAT NUMBER AS WELL AS THE
[01:20:26] PHASING AND SCHEDULE AS WE DEVELOP PDD.
[01:20:29] NEXT SLIDE, PLEASE.
[01:20:32] THE UTILITY MASTER PLAN STUDY HAS BEEN
[01:20:34] PROGRESSING FOR A WHILE. ONE OF THE
[01:20:36] ELEMENTS WAS TO LOOK AT THE CONDITION
[01:20:38] AND CAPACITY OF OUR SYSTEMS FEEDING OUR
[01:20:40] EXISTING FACILITIES. WE ARE NOW AT A
[01:20:43] POINT WHERE WE CAN PROVIDE HIGH LEVEL
[01:20:45] ESTIMATES FOR THE RENEWAL REPLACEMENT OF
[01:20:48] THESE REQUIRED UTILITIES AND
[01:20:52] FOR OVERALL CAPITAL PLAN TRANSPARENCY
[01:20:54] PURPOSES. WE ARE INCLUDING THIS
[01:20:56] \$250,000,000 AS A BUDGET
[01:21:00] THAT WE WILL MAINLY ALL DOWN TO TRANSFER
[01:21:04] INTO PROJECTS THAT ARE IN THE AREA OR
[01:21:06] PROVIDE SIMILAR WORK. SO A GOOD EXAMPLE
[01:21:08] OF HOW THIS BUDGET WILL BE DRAWN DOWN IS
[01:21:11] OUR AIRFIELD PAVEMENT WORK. AS WE
[01:21:13] REPLACE PANELS ON OUR RAMP AREAS, WE
[01:21:16] MOST LIKELY WILL ALSO HAVE UTILITIES
[01:21:18] THAT ARE IN NEED OF RENEWAL REPLACEMENT
[01:21:21] UNDERNEATH. AND SO WE'LL DO THAT ALL AS
[01:21:24] ONE WILL COMBINE THE WORK TOGETHER TO
[01:21:26] BOTH SAVE TIME AND BUDGET OVERALL.
[01:21:30] AND USING THIS BUDGET,
[01:21:33] WE'LL BE ABLE TO TRANSFER THIS BUDGET
[01:21:35] INTO THAT PAYMENT WORK PROJECT.
[01:21:38] NEXT SLIDE, PLEASE. OKAY, SO THE
[01:21:42] LAST TWO EXAMPLES ARE SOME OF THE LARGER
[01:21:44] INDIVIDUAL PROJECTS THAT WE PUT INTO THE
[01:21:47] CAPITAL PLANS HERE. THE UTILITY METER
[01:21:49] NETWORKING IS A REPLACEMENT OF AROUND
[01:21:52] 700 INTO LIFE ELECTRICAL METERS WITH
[01:21:55] NETWORK CAPABLE METERS, AS WELL AS
[01:21:58] CREATING A NETWORK OF A NETWORK TO
[01:22:01] MONITOR AND MANAGE OUR ELECTRICAL LOADS.
[01:22:03] THIS WILL HELP US REVIEW HOW WELL WE ARE
[01:22:06] MEETING OUR ELECTRICAL TARGETS AND
[01:22:08] COMPLY WITH THE WASHINGTON CLEAN
[01:22:10] BUILDINGS ACT FOR PERFORMANCE BASED
[01:22:12] ENERGY TARGET REPORTING. NEXT SLIDE,
[01:22:16] PLEASE. OKAY. LAST ONE,
[01:22:19] KING COUNTY RECENTLY CHANGED THEIR
[01:22:22] PERMIT REQUIREMENTS FOR WHAT THEY WILL
[01:22:24] ACCEPT FOR FLUID LIMITS FROM OUR
[01:22:26] INDUSTRIAL WASTEWATER SYSTEM.
[01:22:29] THIS LIMIT IS REALLY AROUND OUR DEICING,

[01:22:32] SO IT REALLY COMES IN THE WINTER WHEN
[01:22:35] WE'RE DOING DEICING ACTIVITIES. THE NEW
[01:22:38] PERMIT REQUIREMENTS ARE LOW ENOUGH THAT
[01:22:41] STORAGE AND SLOW RELEASE, AS WE
[01:22:43] CURRENTLY HAVE BEEN OPERATING UNDER, IS
[01:22:46] REALLY NOT AN ACHIEVABLE OPTION ANYMORE.
[01:22:48] SO ALTHOUGH OUR ENVIRONMENTAL GROUP IS
[01:22:52] EVALUATING REGIONAL AND ALTERNATIVE
[01:22:54] SOLUTIONS, THE KING COUNTY PERMIT 2022
[01:22:58] DELIVERABLE REQUIREMENTS REQUIRED US TO
[01:23:01] MOVE FORWARD WITH AN ONSITE PRETREATMENT
[01:23:03] FACILITY DEVELOPMENT. WHILE REGIONAL
[01:23:05] SOLUTIONS ARE REVIEWED, OUR PLAN WILL BE
[01:23:08] TO COME BACK TO COMMISSION AROUND THE
[01:23:10] BEGINNING OF THE YEAR TO REQUEST
[01:23:11] AUTHORIZATION FOR DEVELOPMENT OF A PDD
[01:23:14] AND ENGINEERING ANALYSIS TO MEET THE
[01:23:16] KING COUNTY ENGINEERING REQUIREMENTS BY
[01:23:18] THE END OF 2022 AND THAT
[01:23:22] COMPLETES JUST THE UPDATE OF OUR CAPITAL
[01:23:27] WORK. I THINK BORGAN IS NOW GOING TO
[01:23:28] GIVE YOU A LITTLE BIT MORE DETAIL INTO
[01:23:30] THE THE FULL CAPITAL PROGRAM FROM
[01:23:34] A FROM A CASH FLOW PERSPECTIVE, A 20
[01:23:39] MINUTES LEFT FOR THE OVERALL PROGRAM.
[01:23:43] CAN WE TAKE FIVE MINUTES TO ONCE AROUND
[01:23:45] ON THAT PRESENTATION? CLARK FORWARD.
[01:23:49] THANK YOU. I'LL BEGIN WITH COMMISSION
[01:23:51] BOWMAN.
[01:23:57] COMMISSIONER BOWMAN SORRY. NO, YOU'RE FINE.
[01:24:01] SORRY ABOUT THAT. NO, I AM FINE.
[01:24:03] THANK YOU. THANK YOU, COMMISSIONER
[01:24:06] CALKINS. NO QUESTIONS RIGHT NOW. THANK
[01:24:08] YOU, COMMISSIONER CHO. I'M GOOD AS WELL.
[01:24:10] THANK YOU. THANK YOU, COMMISSIONERS
[01:24:12] STEINBRUECK.
[01:24:17] I'M FINE. THANKS. THANK YOU.
[01:24:19] COMMISSIONER FELLEMAN. I HAD TWO QUICK
[01:24:23] QUESTIONS. ONE IS I HAVEN'T SEEN A
[01:24:26] BUDGET ITEM FOR INCREASED ELECTRICAL
[01:24:28] CAPACITY FOR ELECTRICAL TUGS PLUGGED IN
[01:24:32] ANYWHERE. AND I KNOW THAT OUR REPEATEDLY
[01:24:36] I'M TOLD THAT OUR ABILITY TO PHASE OUT
[01:24:38] DIESEL TUGS IS CONTINGENT ON OUR
[01:24:41] INCREASED CAPACITY FOR TO HAVE THE
[01:24:43] ELECTRICAL STUB OUT. AND I WAS JUST
[01:24:46] CONFUSED BY WHAT A REGIONAL SOLUTION
[01:24:48] MEANS WHEN WE'RE DEALING WITH ON SITE
[01:24:52] INDUSTRIAL WASTE TREATMENT. DO WE
[01:24:56] HAVE ANY THOUGHTS ON THAT EITHER? ON THE
[01:24:59] ESC, WE DO HAVE AN EXISTING PROJECT
[01:25:03] IN THE CAPITAL PLAN THAT IS WORKING TO
[01:25:06] PUT IN THE ESC CHARGING STATIONS
[01:25:10] ON OUR CONCOURSES A AND B.
[01:25:14] CURRENTLY, I DON'T KNOW THE EXACT TIME
[01:25:16] FRAME FOR WHEN THAT PROJECT WILL BE
[01:25:19] COMPLETE, BUT WE CURRENTLY HAVE CHARGING
[01:25:23] STATIONS ON CONTACT COURSES, CD AND YOUR
[01:25:27] SATELLITE. MR. TECHNICIAN. PRESIDENT, I
[01:25:29] SEE SANDY KILROY WITH HER HAND UP. YES,
[01:25:33] THANK YOU. JUST ON THE REGIONAL
[01:25:36] SOLUTION, WE ARE IN A COUPLE
[01:25:39] OF CONVERSATIONS WITH KING COUNTY AROUND

[01:25:42] HOW TO ADDRESS THE WASTEWATER
[01:25:47] TREATMENT FLOWS AND STORM WATER COMING
[01:25:49] OFF THE AIRPORT. AND WE'RE LOOKING AT
[01:25:52] BOTH OPERATIONAL ISSUES THAT BOTH WE CAN
[01:25:55] MAKE AND THE WAY OR TREATMENT SYSTEM
[01:25:58] CAN MAKE AT RENTING. BUT AS PART OF
[01:26:02] THAT, THE COUNTY IS LOOKING AT ALL THEIR
[01:26:06] FLOWS AND WHAT GOES TO WHAT TREATMENT
[01:26:09] PLANT AND WHETHER REGIONAL CHANGES LIKE
[01:26:13] THAT CAN HELP ADDRESS THE AMOUNT OF
[01:26:16] SLOW WE HAVE DURING THOSE BIG RAIN AND
[01:26:19] SNOW EVENTS. ALRIGHT, THANK YOU. CAN I
[01:26:22] GET A TIMELINE
[01:26:27] ON OUR ESG IMPLEMENTATION
[01:26:31] NUMBERS AND HOW WE'RE PROJECTED TO GO
[01:26:34] INTO THE FUTURE? YEAH,
[01:26:38] I THINK WE CAN PROVIDE YOU WITH THAT.
[01:26:40] ALRIGHT. THANK YOU. SO BORGAN, TAKE IT
[01:26:43] AWAY. OKAY, LET'S GO TO THE NEXT
[01:26:46] SLIDE, PLEASE.
[01:26:49] I'M GOING TO SPEND JUST ABOUT FIVE
[01:26:52] MINUTES GOING THROUGH SOME OVERVIEW
[01:26:53] SLIDES RATHER QUICKLY AND THEN I'LL SHOW
[01:26:55] OUR FORECAST. SO THAT'S REALLY WHAT'S
[01:26:57] LEFT. AND THIS FIRST SLIDE JUST SHOWS
[01:27:00] THE NUMBERS, THE ACTUAL CASH FLOWS OF
[01:27:02] OUR MAJOR PROGRAMS AND SOME OF THE OTHER
[01:27:05] SUMMARY VERSIONS. BUT WHAT WE'RE LOOKING
[01:27:07] AT HERE IS ALMOST \$4 BILLION
[01:27:11] OVER THE NEXT FIVE YEARS. SO THIS IS A
[01:27:13] VERY SIGNIFICANT INCREASE IN OUR LEVEL
[01:27:16] OF CAPITAL SPENDING. AND I THINK THE
[01:27:19] DESCRIPTIONS THAT KERI HAS JUST
[01:27:20] PROVIDED OF SOME OF THE MAJOR NEW
[01:27:22] PROGRAMS ARE REALLY WHAT'S DRIVING THAT.
[01:27:25] IN ADDITION, WE HAVE THE ONGOING BAGGAGE
[01:27:29] OPTIMIZATION PROGRAM THAT WILL CONTINUE
[01:27:31] NOW FOR THE NEXT FIVE YEARS AT SPENDING
[01:27:34] AT A VERY HIGH LEVEL. SO LET'S GO ON
[01:27:37] TO THE NEXT SLIDE, PLEASE.
[01:27:41] AND THIS IS JUST A SUMMARY IN ORDER OF
[01:27:44] THE BIGGEST PROJECTS, INCLUDING THOSE
[01:27:47] THAT ARE WELL UNDERWAY AND ALMOST
[01:27:48] COMPLETE, LIKE THE INTERNATIONAL
[01:27:50] ARRIVALS FACILITY. BUT IT JUST PUT SOME
[01:27:52] OF THE NUMBERS TO SOME OF THE PROJECTS
[01:27:55] THAT KERI WAS JUST DESCRIBING. AND I
[01:27:59] THINK THAT THESE MAJOR PROGRAMS TAKE UP
[01:28:02] A BIG PART OF OUR CAPITAL CAPITAL PLAN
[01:28:05] IN THE NEXT FIVE YEARS. NEXT SLIDE,
[01:28:07] PLEASE. AND WHILE YOU MAY NEED A
[01:28:11] MAGNIFYING GLASS HERE, HERE IS THE
[01:28:12] DETAILED LIST OF ALL OF THE NEW PROJECTS
[01:28:15] THAT ARE COMING INTO OUR CAPITAL PROGRAM
[01:28:18] AND KERI'S HIGHLIGHT AT ALL THE BIG
[01:28:21] ONES. BUT THERE ARE OTHER ONES AS WELL.
[01:28:23] AND JUST TO REITERATE, EACH OF THESE
[01:28:25] PROJECTS WILL COME TO YOU FOR
[01:28:27] AUTHORIZATION FOR DESIGN, PROBABLY
[01:28:30] SOMETIME NEXT YEAR OR SHORTLY FOLLOWING.
[01:28:33] NEXT SLIDE, PLEASE.
[01:28:36] AND THIS IS A VIEW OF OUR CAPITAL
[01:28:40] PROGRAM THAT I'LL JUST SUMMARIZE VERY

[01:28:41] QUICKLY THAT THE TOP SECTION IS THOSE
[01:28:45] PROJECTS THAT ARE AUTHORIZED FOR
[01:28:47] CONSTRUCTION OR HAVE SOME AUTHORIZATION
[01:28:49] FOR CONSTRUCTION. AND YOU CAN SEE THAT
[01:28:51] THAT TOTALS OVER A BILLION DOLLARS OR
[01:28:53] 27% OF THE CASH FLOWS. THE NEXT SECTION
[01:28:56] IS THE PROJECTS THAT HAVE DESIGN
[01:28:58] AUTHORIZATION, AND THAT ACCOUNTS FOR ONE
[01:29:02] 2 BILLION, OR 31%. AND THEN
[01:29:05] FINALLY, WHAT'S LEFT IS THOSE THAT ARE
[01:29:07] PENDING AUTHORIZATION, AND THAT'S 42% OR
[01:29:11] ONE 7 BILLION. SO THAT'S JUST A
[01:29:13] DIFFERENT WAY OF SLICING OUR CAPITAL
[01:29:16] PROGRAM. SO THERE WILL BE A LOT OF
[01:29:19] PROJECTS COMING FORWARD IN THE NEXT FEW
[01:29:22] YEARS FOR DESIGN FOR CONSTRUCTION
[01:29:24] AUTHORIZATION. AND THAT TO A LARGE
[01:29:26] EXTENT, IS WHAT'S DRIVING THE INCREASED
[01:29:28] RESOURCES THAT I DESCRIBED EARLIER IN
[01:29:31] THE PROJECT MANAGEMENT GROUP AND IN SOME
[01:29:33] OF THE OTHER AREAS, BECAUSE AS AN
[01:29:35] ORGANIZATION, WE HAVE TO REALLY BE
[01:29:39] PREPARED TO DELIVER A CAPITAL PROGRAM
[01:29:41] LIKE THIS. AND IT'S NOT JUST IN PROGRAM
[01:29:43] MANAGEMENT, IT'S THROUGHOUT THE
[01:29:44] ORGANIZATION. NEXT SLIDE, PLEASE.
[01:29:48] THIS IS THE FUNDING PLAN.
[01:29:50] AND JUST TO BE REALLY SIMPLE HERE,
[01:29:53] THE LIGHT BLUE IN 2022 IS OUR EXISTING
[01:29:56] BOND PROCEEDS FROM OUR 2021 BOND ISSUE.
[01:30:00] AND SO YOU'D SAY THAT OUR SPENDING FOR
[01:30:02] NEXT YEAR IS PRETTY WELL COVERED. BUT AS
[01:30:04] WE GET OUT TO 2023 AND BEYOND, WE ARE
[01:30:08] LOOKING AT THE NEED TO ISSUE A LOT OF
[01:30:10] BONDS TO PAY FOR THE AIRPORT CAPITAL
[01:30:12] PROGRAM. THE GREEN IS ADF THAT'S
[01:30:16] OUR CASH. AND THE REASON THAT'S SO SMALL
[01:30:20] GOING FORWARD IS THAT MUCH OF THE CASH
[01:30:22] THAT WE GENERATE, WE'RE SAVING BECAUSE
[01:30:24] WE'RE BUILDING UP OUR CASH BALANCE FOR
[01:30:26] RESILIENCY PURPOSES. BUT WE WILL HAVE
[01:30:29] MORE CASH ONCE WE GET BEYOND 2024, THEN
[01:30:32] WE CAN START SPENDING SOME MORE MONEY.
[01:30:34] I BUT BOND FUNDING IS PRIMARILY HOW WE
[01:30:37] WILL BE PAYING FOR THIS CAPITAL PROGRAM.
[01:30:40] IF THE INFRASTRUCTURE BILL GOES THROUGH.
[01:30:43] WE ARE EXPECTING A LITTLE OVER 400
[01:30:45] MILLION, SO THAT WOULD OBVIOUSLY HELP.
[01:30:48] BUT THAT IS STILL A RELATIVELY SMALL
[01:30:50] PART OF OUR TOTAL CAPITAL NEEDS FOR THE
[01:30:53] NEXT FIVE YEARS. NEXT SLIDE, PLEASE.
[01:30:57] AND THIS IS NOW I'LL TALK ABOUT THE
[01:30:59] FORECAST AND HERE IS A LOOK AT OUR
[01:31:01] CURRENT THINKING ON THE PASSENGER
[01:31:04] FORECAST AND JUST PICKING UP AFTER 2022,
[01:31:08] THERE'D BE A 4% GROWTH IN 2023
[01:31:12] AND THEN A RELATIVELY MODEST GROWTH
[01:31:15] AFTER THAT, ACHIEVING 2019 LEVELS AND
[01:31:19] EITHER 2023 OR 2024 IN THAT TIME FRAME.
[01:31:22] THAT'S THE CURRENT THINKING. NEXT SLIDE,
[01:31:25] PLEASE. SO IT SAYS PASSENGER FORECAST
[01:31:29] THAT GO A LONG WAY TO DRIVING OUR OUR
[01:31:31] FINANCIAL FORECAST HERE. THE AIRLINE

[01:31:35] REVENUES WILL BE GROWING LARGELY BECAUSE
[01:31:37] WE'RE BRINGING ON NEW ASSETS AND NEW
[01:31:39] FACILITIES, AND THEN WE HAVE TO PAY FOR
[01:31:41] THOSE THROUGH DEBT SERVICE OR OPERATING
[01:31:43] AND MAINTENANCE COSTS, THE NON
[01:31:46] AERONAUTICAL REVENUES. WE'RE STRIVING TO
[01:31:49] INCREASE THOSE REVENUES AS BEST WE CAN,
[01:31:51] BECAUSE THAT'S WHAT WE NEED TO PAY FOR
[01:31:52] OUR CAPITAL PROGRAM. OUR OPERATING COSTS
[01:31:55] ARE GROWING, TOO, AS WE JUST HAVE ANNUAL
[01:31:58] COST INCREASES. AND YES, THERE WILL BE
[01:32:00] SOME NEW FTES, BUT THE AMOUNT WILL BE
[01:32:03] DETERMINED.
[01:32:05] LET'S JUMP FORWARD TO THE KEY
[01:32:10] METRICS THAT ARE ON THE NEXT SLIDE,
[01:32:11] PLEASE. SO HERE WE SEE THE DEBT SERVICE
[01:32:15] COVERAGE ONCE WE GET BEYOND THE BENEFIT
[01:32:19] OF THE GRANTS THAT WILL START TO
[01:32:21] DECLINE. BUT WE'RE STILL AT A HEALTHY
[01:32:25] LEVEL BY 2026 OF ONE POINT 43 CASH
[01:32:29] BALANCE. WE'RE GOING TO HIT THE 18
[01:32:30] MONTHS BY 2024. AND HERE TO RESPOND TO
[01:32:34] THE QUESTION EARLIER, IS OUR COST FOR
[01:32:36] EMPLOYMENT GROWING FROM A LITTLE OVER
[01:32:39] \$15 NEXT YEAR TO ALMOST \$22
[01:32:43] BY 2026, AND THAT'S TO BE EXPECTED WITH
[01:32:47] THE CAPITAL PROGRAM OF THE SIZE. AND I
[01:32:49] THINK WE'VE BEEN SIGNALING THAT OUR CP
[01:32:52] WOULD BE GOING UP AND IT ACTUALLY IS
[01:32:55] GOING UP. SO THE OTHER KEY MEASURES
[01:32:58] HERE, THE PORT AT THE BOTTOM, THE DEBT
[01:33:01] PIER ORIGINATING PASSENGER. THIS GOES TO
[01:33:03] SHOW THAT OUR OUR DEBT LEVELS WILL BE
[01:33:05] GROWING AS WE ISSUE MORE DEBT TO PAY FOR
[01:33:07] THIS CAPITAL PROGRAM. AND WITH THAT, I
[01:33:11] WILL STOP AND ASK FOR ANY ADDITIONAL
[01:33:13] QUESTIONS. BUT THAT COMPLETES THE
[01:33:14] PRESENTATION. THERE IS A SIGNIFICANT
[01:33:16] AMOUNT OF INFORMATION IN THE APPENDIX,
[01:33:19] BUT I DON'T PLAN ON COVERING THAT HERE
[01:33:22] TODAY. WELL, THANK YOU, BORGAN. AND
[01:33:24] THANK YOU ALL SPEAKERS FOR BEING QUITE
[01:33:27] CONCISE IN YOUR PRESENTATIONS AND HAVING
[01:33:30] ALLOWED FOR US TO PEPPER YOU WITH SOME
[01:33:32] QUESTIONS WITH TEN MINUTES LEFT. CLERK
[01:33:34] HART, WOULD YOU GO AROUND THE TABLE ONCE
[01:33:36] MORE? THANK YOU, MR. COMMISSION
[01:33:38] PRESIDENT. I'M GOING TO LEAVE THE
[01:33:39] PRESENTATION AT JUST IN CASE WE HAVE TO
[01:33:41] REFERENCE ANY SLIDES FROM THIS LAST
[01:33:44] SEGMENT OF QUESTIONS BEGINNING WITH
[01:33:45] COMMISSIONER BOWMAN. I DON'T HAVE ANY
[01:33:48] QUESTIONS. I MEAN, THERE'S JUST SO MUCH
[01:33:50] HERE, IT'S IMPOSSIBLE TO COVER IT IN THE
[01:33:52] NEXT COUPLE OF MINUTES. SO I'LL HOLD MY
[01:33:54] QUESTIONS ORGAN AND I CAN EMAIL THEM TO
[01:33:57] YOU LATER. THANK YOU. VERY GOOD.
[01:34:00] THANK YOU, COMMISSIONER FELLEMAN,
[01:34:02] COMMISSIONER CALKINS. THANK YOU,
[01:34:05] BORGAN. I KNOW BEFORE DAYS WE
[01:34:09] WERE SETTING BUDGETS AND CREATING
[01:34:12] FORECAST. WE SPENT A LOT OF TIME
[01:34:14] THINKING ABOUT THE COST PER EMPLOYMENT

[01:34:17] NUMBER AND I'M WONDERING IF YOU COULD
[01:34:20] TAKE A LITTLE BIT OF TIME TO EXPLAIN IT
[01:34:22] AND ALSO TELL US WHERE WE'RE GOING TO
[01:34:25] SIT BASED ON THIS FINANCIAL FORECAST
[01:34:29] RELATIVE TO PIER AIRPORTS AROUND THE
[01:34:31] COUNTRY. SINCE THE COST FOR EMPLOYMENT
[01:34:33] IN, I THINK, IS ONE OF THOSE FACTORS
[01:34:36] THAT GOES INTO DETERMINING WHETHER
[01:34:38] CARRIERS BRING NEW SERVICE HERE. AND,
[01:34:42] OF COURSE, THE BOTTOM LINE FOR
[01:34:44] PASSENGERS HOW MUCH THEIR PLANE TICKET
[01:34:47] COSTS. SO COST
[01:34:51] FOR EMPLOYMENT THE LAST COUPLE OF YEARS
[01:34:54] WITH SUCH A DECREASE IN THE PASSENGER
[01:34:56] LEVEL HAS BECOME A LITTLE BIT OF A
[01:34:58] MEANINGLESS MEASURE. AND AIRPORTS HAVE
[01:35:02] BEEN ALL OVER THE PLACE, BUT PRETTY
[01:35:05] PANDEMIC AND FORECASTS
[01:35:09] ARE STARTING TO MAKE SENSE GOING
[01:35:11] FORWARD. BUT WE SAW THAT THERE WOULD BE
[01:35:14] KEY AIRPORTS LIKE LA,
[01:35:18] SAN FRANCISCO WOULD
[01:35:21] BE IN THE MID TWENTIES, POSSIBLY HIGHER,
[01:35:25] AND WE NOW SORT OF BASED ON WHAT
[01:35:28] I'VE SEEN, I STILL EXPECT SOME OF THE
[01:35:31] BIG WEST COAST GATEWAY HUBS WILL BE IN
[01:35:35] PROBABLY IN THE HIGH 20S, SOME MAY BE IN
[01:35:37] THE LOW 30S. I THINK AS WE GO FORWARD,
[01:35:42] OUR GOAL WILL BE TO BE SLIGHTLY LESS
[01:35:45] THAN THOSE OTHER LARGE AIRPORTS. BUT
[01:35:48] THERE'S ABSOLUTELY NO QUESTION IN MY
[01:35:50] MIND THAT OUR COST PER EMPLOYMENT WILL
[01:35:53] CONTINUE TO GROW AS WE LAYER IN. THE
[01:35:56] CAPITAL PROGRAM PARTICULARLY RELATES TO
[01:35:59] THE SUSTAINABLE AIRPORT MASTER PLAN.
[01:36:02] WE'RE GOING TO BE MOSTLY DEBT FUNDING
[01:36:05] THIS. SO THE COST OF DEBT SERVICE GO
[01:36:07] INTO THE RATE BASE, AND THAT'S WHAT
[01:36:10] WE'LL BE INCREASING THE AIRLINE REVENUES
[01:36:13] AND THEREFORE THE CPE. OUR GOAL IS TO
[01:36:16] STAY COMPETITIVE. BUT WE'RE REALLY
[01:36:18] FOCUSING ON THE WEST COAST GATEWAY
[01:36:22] HUBS BEING COMPETITIVE IN THAT GROUP,
[01:36:24] AS OPPOSED TO TRYING TO BE COMPETITIVE
[01:36:26] NATIONWIDE. WHERE REALISTICALLY, THE
[01:36:29] KIND OF FACILITIES THAT WE ARE GOING TO
[01:36:32] NEED TO BRING ON OVER THE NEXT TEN PLUS
[01:36:34] YEARS ARE GOING TO PUT A LOT OF PRESSURE
[01:36:36] ON OUR COST STRUCTURE, AN ORGAN. IF I
[01:36:39] COULD ADD TO THAT COMMISSION ACCOUNTING,
[01:36:41] WE HAVE TO BE VERY CAREFUL WHEN WE
[01:36:42] COMPARE CPE OF OUR AIRPORT VERSUS ANY
[01:36:45] OTHER AIRPORT, BECAUSE MANY TIMES IT'S
[01:36:47] NOT AN APPLES TO APPLES COMPARISON. YOU
[01:36:49] MIGHT HAVE AN AIRPORT THAT HAS A VERY
[01:36:51] LOW CPE BECAUSE THEY HAVEN'T
[01:36:53] DONE ANY MAJOR CAPITAL DEVELOPMENT
[01:36:54] PROGRAM. SO DEPENDING ON WHERE YOU ARE
[01:36:56] IN YOUR CAPITAL DEVELOPMENT PROGRAM,
[01:36:58] YOUR CPE CAN VARY SIGNIFICANTLY. ALSO,
[01:37:01] MANY AIRPORTS, THE AIRLINES, FOR
[01:37:03] EXAMPLE, MANAGE CERTAIN TERMINAL THE
[01:37:05] CAUSE OF UNIT TERMINAL GRID. THEY

[01:37:06] OBSERVE ALL THE COSTS OF SOCIAL WITH
[01:37:08] THOSE NOT THAT MAY NOT FACTOR INTO THE
[01:37:11] COST PER EMPLACEMENT SO MANY TIMES THAT
[01:37:13] WE'RE COMPARING AIRPORTS CPE, IT'S
[01:37:15] REALLY NOT AN APPLES TO APPLES, SO WE
[01:37:17] NEED TO BE VERY CAREFUL WHEN WE COMPARE
[01:37:19] CP. YOU CAN HAVE AN AIRPORT A VERY LOW
[01:37:21] CPU. THE AIRPORT IS FALLING APART. THEY
[01:37:24] HAVEN'T DONE ANYTHING IN A LONG TIME TO
[01:37:25] UPGRADE THEIR FACILITIES, SO WE JUST
[01:37:27] NEED TO BE CAUTIOUS. THAT'S REALLY
[01:37:29] HELPFUL. I DIDN'T REALIZE THAT ABOUT THE
[01:37:32] UNIT TERMINAL WHERE THEY CAN KIND OF
[01:37:34] ARTIFICIALLY REDUCE THEIR NEW
[01:37:39] ARE COMING FROM SOME OF THE ENTIRE
[01:37:40] TERMINAL ACTUALLY MANAGED BY THE
[01:37:43] AIRLINES. IT DOESN'T FACTOR IN THE CPE,
[01:37:46] BUT WE DO IT. BUT WE'D BE DOING A
[01:37:48] COMPARISON WITH FOR EXAMPLE, JARVER
[01:37:51] SHOULD SEND OCCIDENTAL AIRPORT. IT'S NOT
[01:37:53] AN APPLES APPLES COMPARISON BECAUSE WE
[01:37:55] MAINTAIN MORE SUPPORT FACILITIES HERE.
[01:37:57] ALRIGHT. THANK YOU, LANCE. CAN WE MOVE
[01:37:59] TO THE NEXT ONE? THANK YOU,
[01:38:02] COMMISSIONER CALKINS. COMMISSIONER CHO.
[01:38:04] YEAH. BORGAN. WHAT IS THE AVERAGE TERM
[01:38:09] OR MATURATION RATE TERM FOR OUR BOND?
[01:38:12] HOW LONG DO WE ISSUE OUR BONDS?
[01:38:16] TYPICALLY THERE'S A 25 YEAR TERM.
[01:38:19] OKAY. AND IN A SCENARIO LIKE IF WHERE
[01:38:23] WE HAVE HUGE COST OVERRUNS, HOW DO WE
[01:38:27] MAKE UP FOR OUR ACCOUNT FOR THAT? DO WE
[01:38:30] ISSUE MORE BONDS OR DO WE RAISE PS? I
[01:38:33] GUESS WE CAN'T REALLY GET THESE. HOW DO
[01:38:35] WE ACCOUNT FOR THAT? YEAH. AT THE MARGIN
[01:38:39] TO PAY FOR THINGS. WE USE REVENUE BONDS.
[01:38:43] AND IN THE CASE OF THE IF WE'RE USING A
[01:38:46] SIGNIFICANT AMOUNT OF PFCS TO PAY THE
[01:38:49] DEBT SERVICE SO THAT THE COSTS DON'T GO
[01:38:51] IN THE RATE BASE BECAUSE WE ARE TRYING
[01:38:53] TO MANAGE THE GROWTH OF THE
[01:38:57] COST TO THE INTERNATIONAL ARRIVALS. AND
[01:39:00] IS THE BAGGAGE OPTIMIZATION ENTIRELY
[01:39:03] PAID FOR BY PSE, OR IS IT ALSO TO BE
[01:39:06] ISSUE BONDS FOR THAT PROJECT, PRIMARILY
[01:39:08] BONDS? ALTHOUGH WE ALSO HAD A
[01:39:10] SIGNIFICANT FEDERAL CONTRIBUTION FROM
[01:39:13] A TSE TO TSA,
[01:39:16] EFFECTIVELY A GRANT, IT WAS ALL RIGHT.
[01:39:20] THANK YOU. THAT'S IT. THANK YOU,
[01:39:22] COMMISSIONER CHO, COMMISSIONERS. TIME
[01:39:23] BRO. THANK YOU.
[01:39:26] COMMISSIONERS STEINBRUECK. COMMISSIONER
[01:39:28] FELLEMAN. OKAY,
[01:39:31] I DIDN'T HEAR THAT, BUT I JUST WAS
[01:39:34] HOPING TO GET A SENSE OF WHAT IT
[01:39:37] WOULD MEAN IN THIS NEXT YEAR. WE HAVE A
[01:39:39] MILLION AND A HALF FOR SAM PLANNING,
[01:39:42] BUT THERE IS NOT ANTICIPATED TO BE THE
[01:39:46] POTENTIAL FOR SAM CONSTRUCTION PROJECTS.
[01:39:49] AND AND I DIDN'T SEE PERHAPS IT'S
[01:39:53] NOT A BIG ITEM, BUT THE POTENTIAL FOR
[01:39:56] AIRPORT DRIVES EXPANSION.

[01:40:03] HOW WOULD OUR DEBT SERVICE OR OTHER
[01:40:07] EXPENSES BE FOR NEXT YEAR OR WOULD NOT
[01:40:11] PLAY A LARGE ROLE FOR JUST NEXT YEAR?
[01:40:13] SO FOR NEXT YEAR, THE COSTS
[01:40:16] THAT ARE IN THE BUDGET ARE IN THE
[01:40:18] OPERATING BUDGET WAS THE 1.5 MILLION TO
[01:40:20] COMPLETE THE ENVIRONMENTAL REVIEW WE
[01:40:24] HAVE HAD IN OUR BUDGET,
[01:40:26] 300 MILLION THAT WAS APPROVED BY THE
[01:40:30] AIRLINES AS PART OF OUR CURRENT LEASE
[01:40:32] AGREEMENT TO SPEND ON PLANNING
[01:40:35] AND PRE CONSTRUCTION WORK FOR SAM
[01:40:37] PROJECTS. AND OBVIOUSLY I THINK NOTHING
[01:40:39] GOES BEYOND 30% DESIGN. AND THERE'S A
[01:40:43] NUMBER OF THE ENABLING PROJECTS THAT ARE
[01:40:45] IN VARIOUS STAGES OF EARLY DESIGN. SO
[01:40:48] THOSE ARE IN THE BUDGET WE'VE TYPICALLY
[01:40:53] BEEN PAYING FOR THOSE WITH COUCH.
[01:40:58] OKAY, SO YOU DON'T
[01:41:01] EXPECT SIGNIFICANT ADDITIONAL STAMP
[01:41:06] EXPENSES OTHER THAN THE MILLION AND A
[01:41:08] HALF FOR ENVIRONMENTAL REVIEW FOR 2022.
[01:41:14] I'LL GET BACK TO YOU ON THE SPECIFIC
[01:41:16] CASH FLOWS FOR THOSE CIPS THAT WE HAVE
[01:41:19] RELATING TO SAM. I THINK THEY'RE
[01:41:21] ACTUALLY LISTED IN THE PRESENTATION,
[01:41:22] BUT NOW THAT'S DOWN. SO I CAN'T REMEMBER
[01:41:25] THE NUMBER, BUT IT SHOULD BE LISTED
[01:41:29] THERE ANYWAY. IT'S ALREADY BUILT INTO
[01:41:31] THE BUDGET THAT WE'RE TALKING ABOUT.
[01:41:32] YES. ALRIGHT, GREAT. I SEE ONE MORE HAND
[01:41:35] UP AND THEN WE CAN TAKE A 15 MINUTES
[01:41:38] BREAK BEFORE OUR EXECUTIVE SESSION.
[01:41:40] YES, WE HAVE MR. JEFFREY BROWN TAN. AND
[01:41:43] IT'S FINE IF YOU'RE A SON. I WAS GOING
[01:41:44] TO ADD TO THE STOP THIS QUESTION. BUT IF
[01:41:47] YOU'RE SET TO WALK IN THAT PAST,
[01:41:51] JEFFREY, WE HAVE A COUPLE OF MINUTES.
[01:41:53] YOU WANT TO ADD ANYTHING. SO JUST
[01:41:56] REMEMBER, COMMISSIONERS, WE HAD FIVE IN
[01:41:58] PROJECTS THAT WE HAD APPROVAL FOR \$10
[01:42:01] MILLION BACK. I THINK IT WAS LAST YEAR
[01:42:03] OR MAYBE THE YEAR BEFORE TO DO DESIGN OF
[01:42:06] THOSE EVEN PROJECTS THAT WORK IS
[01:42:08] CONTINUING. WHAT WE'RE CURRENTLY DOING
[01:42:10] IS ALIGNING OUR CAPITAL DESIGN NEEDS
[01:42:14] WITH SOME ENVIRONMENTAL FOR NEXT YEAR,
[01:42:16] I THINK WILL BE PROGRESS IN THE SUB.
[01:42:18] ENVIRONMENTAL DEPENDS ON OUTCOME OF
[01:42:20] THAT. THEN WE'RE GOING TO THE ADDITIONAL
[01:42:23] DESIGN. THAT'S THE CONTINGENCY.
[01:42:27] VERY GOOD. AND COMMISSIONER STEINBRUECK
[01:42:29] YOU JUST GAVE IT A PASS.
[01:42:32] YOU NOTICE? OH, THERE YOU GO.
[01:42:35] ALRIGHT, THEN I'M FINISHED. THANK YOU.
[01:42:38] VERY GOOD THEN. WELL, THANK YOU VERY
[01:42:41] MUCH AGAIN. AND VERY ILLUMINATING
[01:42:43] CONVERSATION. WE WILL CALL THE STUDY
[01:42:47] SESSION CLOSED AT 1014 AND SEE YOU ALL
[01:42:51] BACK FOR THE EXECUTIVE SESSION AT 1030.
[01:42:54] THANK YOU. SO THANK YOU,
[01:42:58] BORGAN. AND THANK YOU,
[01:43:01] KERI.

END OF TRANSCRIPT