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GOOD MORNING. THIS IS COMMISSION PRESIDENT RYAN CALKINS CONVENING THE SPECIAL MEETING OF OCTOBER 11, 2022. THE TIME IS 09:38 A.M.. WE'RE MEETING IN PERSON TODAY AT THE PORT OF SEATTLE HEADQUARTERS BUILDING IN THE PIER 69 COMMISSIONER CHAMBERS AND VIRTUALLY THROUGH MICROSOFT TEAMS. THIS IS A COMMISSION STUDY SESSION. PRESENT WITH ME TODAY ARE COMMISSIONERS CHO, FELLEMAN, HASEGAWA AND MOHAMED. THIS SESSION IS BEING RECORDED AND BROADCAST TODAY ON THE PORT'S WEBSITE AT MEETINGS.PORTOFSEATTLE.ORG. I'LL NOTE THAT ALL COMMISSIONERS ARE IN ATTENDANCE AT THIS TIME, ALTHOUGH COMMISSIONERS CHO AND MOHAMED ARE TUNING IN VIRTUALLY. THE PURPOSE OF THE STUDY SESSION IS TO DISCUSS THE 2023 PRELIMINARY OPERATING AND CIP BUDGETS FOR THE AVIATION DIVISION. EXECUTIVE DIRECTOR METRUCK, PLEASE GET US STARTED TODAY. COMMISSIONERS, GOOD MORNING. THANK YOU FOR YOUR TIME THIS MORNING TO DISCUSS THE AVIATION DIVISION OPERATING AND CAPITAL BUDGETS. THIS IS THE CULMINATION OF MONTHS OF WORK, AND WE RECOGNIZE IT'S A LOT OF INFORMATION, SO WE'RE CONTINUALLY WORKING TO PROVIDE IT IN AN EFFICIENT AND EFFECTIVE MANNER THAT MEETS THE NEEDS OF YOU AND THE COMMUNITY. SO WE APPRECIATE THE OPPORTUNITY THIS MORNING TO DISCUSS THE LARGEST OPERATING DIVISION'S OPERATING AND CAPITAL BUDGETS IN A DEDICATED TIME PERIOD. WE'RE PLEASED TO BE ABLE TO SPEND SO MUCH TIME DEDICATED TO DISCUSSING THE SPECIFIC BUDGET. SEATTLE TACOMA INTERNATIONAL AIRPORT IS A SIGNIFICANT DRIVER OF INCREDIBLE COMMUNITY BENEFIT THROUGH THE ECONOMIC ACTIVITY IT GENERATES, THE JOB OPPORTUNITIES IT CREATES, AND THE ABILITY FOR PEOPLE AND GOODS TO TRAVEL IN AND OUT OF OUR REGION TO AND FROM THE REST OF THE WORLD. IN ADDITION THE AIRPORT IS A NATIONAL LEADER IN INVESTING IN SUSTAINABILITY, ACCESSIBILITY, INNOVATION, AND QUALITY OF LIFE, ENSURING THAT WE NOT ONLY CREATE A WORLDCLASS GATEWAY AND CUSTOMER EXPERIENCE, BUT ALSO ADDRESS THE IMPACTS OF OUR OPERATIONS. HOWEVER, WE ALSO KNOW THAT THERE ARE COMMUNITY CONCERNS THAT WE NEED TO CONTINUE TO LEAN INTO, FROM ADVANCING WORK TO ADDRESS AVIATION NOISE AND EMISSIONS TO HOW BETTER TO SUPPORT THE WORKFORCE THAT SERVES THE AIRPORT. IN TODAY'S DISCUSSION, I LOOK FORWARD TO HIGHLIGHTING SOME OF THE WAYS THAT WE

BELIEVE WE CAN CONTINUE TO MAKE PROGRESS ON THOSE FRONTS WHILE SIMULTANEOUSLY ACHIEVING OUR GOALS FOR OUR TENANTS, VENDORS, CUSTOMERS AND BUSINESS PARTNERS. THANK YOU IN ADVANCE FOR YOUR THOUGHTFUL INPUT ON THIS BUDGET PROPOSAL. I'LL NOW TURN IT OVER TO AVIATION MANAGING DIRECTOR LANCE LITTLE TO KICK THINGS OFF. LANCE.

OKAY, THANK YOU. GOOD MORNING AGAIN. THANK YOU, STEVE. GOOD MORNING, COMMISSIONERS. AS STEVE SAYS WE'RE HERE TO PRESENT THE 2023 OPERATING AND CAPITAL BUDGET FOR AVIATION. NEXT SLIDE, PLEASE.

SO I ALWAYS LIKE TO START THE BUDGET PRESENTATION JUST BY REMINDING EVERYONE THAT THE BUDGET IS NOT MEANS TO AN END. IT FITS

INTO THE CONTEXT OF PART OF A PROCESS OR STRATEGY TO BUDGET PROCESS. AND THE BUDGET IS ACTUALLY PART OF THE IMPLEMENTATION PHASE OF OUR STRATEGY BUDGET PROCESS, WHICH I WILL TALK ABOUT IN A LITTLE BIT. SO IN TERMS OF THE OUTLINE FOR THE PRESENTATION, WE'RE GOING TO GO TO THE BUDGET STRATEGY TO BUDGET PROCESS. I'M GOING TO HIGHLIGHT SOME OF THE STRATEGIC PRIORITIES THAT WE HAVE. OF COURSE, WE'RE GOING TO GET IN DEPTH IN THE OPERATION AND THE CAPITAL BUDGET AS WELL. AND BORGAN WILL GIVE US A FINANCIAL FORECAST AS WELL. THERE IS ALSO AN APPENDIX WITH A LOT MORE INFORMATION THAT YOU'D NEVER NEED, BUT YOU CAN ALWAYS REFER TO IT. NOW, BORGAN AND I HAD A CONVERSATION PRIOR TO THIS AND WHAT WE WANTED TO DO WAS TO MAKE THIS BUDGET PRESENTATION AS PRODUCTIVE AND AS MEANINGFUL AS POSSIBLE FOR THE COMMISSION. SO EVEN THOUGH WE HAVE THIS OUTLINE, WE WANT TO BE AS FLEXIBLE AS POSSIBLE AND WE WILL TRY TO FOCUS ON WHATEVER AREAS YOU WANT US TO FOCUS ON. SO PLEASE FEEL FREE IF THERE'S ANY AREA THAT YOU WANT US TO GET MORE IN DEPTH OR YOU WANT TO SPEND LESS TIME ON AS WE GO THROUGH THE BUDGET PRESENTATION, PLEASE LET US KNOW SO WE CAN HAVE THAT FLEXIBILITY. BORGAN ANDERSON TERRY STEVENS IS GOING TO JOIN ME AS WE GO THROUGH THE BUDGET PRESENTATION. NEXT SLIDE PLEASE. AGAIN, JUST AS A REMINDER, JUST THAT THE PROCESS, THE BUDGET THAT WE ARE PRESENTING JUST LIKE WE DO EACH YEAR, IS ACTUALLY GEARED TO AND FOCUSED ON HELPING THE ORGANIZATION. NOT THAT THE AIRPORT, BUT THE PORT ITSELF TO ACHIEVE THE CENTURY AGENDA GOALS. YOU WILL SEE WHEN WE GO THROUGH OUR PRESENTATION, YOU'LL SEE THAT ALL THE ACTIVITIES THAT WE'RE DOING AND ALL THE RESOURCES THAT

WE'RE ASKING FOR IS ACTUALLY IN ALIGNMENT WITH THE CENTURY AGENDA GOALS THAT THE COMMISSION HAS ESTABLISHED OVER THE YEARS. WHETHER IT'S POSITION THE PUGET SOUND REGION AS THE PREMIER INTERNATIONAL LOGISTICS OR ADVANCE THIS REGION AS A LEADING TOURISM DESTINATION. YOU'LL SEE THAT ALL THE ACTIVITIES THAT WE'RE EMBARKING ON, MOST OF THEM ANYWAY, IS ACTUALLY GEARED TOWARDS HELPING THE PORT TO ACHIEVE THOSE GOALS AND TO ACHIEVE THOSE OUTCOMES. NEXT SLIDE PLEASE. SO SOME OF YOU HAVE SEEN THIS PROCESS ALREADY, BUT I THINK IT'S IMPORTANT TO JUST REITERATE. WE HAVE ESTABLISHED FIVE TO TEN YEAR GOALS FOR THE AIRPORT AND THE BUDGET THAT WE ASK FOR EACH YEAR IS ACTUALLY, AGAIN GEARED TOWARDS PROVIDING US THE RESOURCES FOR US TO ACHIEVE THOSE OUTCOMES. WE ALSO UNDERSTAND THAT THE AIRPORT OPERATES IN AN ENVIRONMENT. WE DON'T OPERATE WITHIN A VACUUM. AND THERE ARE THINGS INTERNAL TO US THAT WE NEED TO LEVERAGE OR THAT WE NEED TO OVERCOME. AND THERE ARE THINGS EXTERNAL TO OUR ORGANIZATION THAT WE NEED TO TAKE ADVANTAGE OF OR THINGS THAT WE NEED TO WORK AROUND IN ORDER FOR US TO ACHIEVE THESE LONG TERM GOALS THAT WE HAVE ESTABLISHED. AND THAT'S WHY WE DO AT LEAST DO A SWAT ANALYSIS EVERY TWO TO THREE YEARS. WE ALSO REVISE AND REVIEW OUR SWAT ANALYSIS EVERY YEAR. WE'LL COME UP WITH A SWAT PROFILE WHICH I'M GOING TO TALK ABOUT. WE ALSO DO WHAT WE CALL A GAP ANALYSIS. WE LOOK AT WHERE WE ARE RIGHT NOW, THE GOALS THAT WE'RE TRYING TO ACHIEVE. AND TYPICALLY THERE'S A GAP BETWEEN THOSE TWO. IN ORDER TO FILL THOSE GAP, WE COME UP WITH A SET OF ACTIVITIES OR WHAT WE CALL STRATEGIES. THESE ARE THE THINGS WE'RE GOING TO DO OVER THE NEXT THREE TO FIVE YEARS IN ORDER TO CLOSE THE GAP, TO GET US FROM WHERE WE ARE RIGHT NOW, TO GET US TO THE END STATE. THAT CLOSING THE GAP. THAT GAP ANALYSIS IS ONE OF THE BASIS FOR THREE TO FIVE YEAR STRATEGY AND THAT'S THE STRATEGIC PART OF THE PROCESS. THEN WE HAVE THE IMPLEMENTATION PART, THAT'S WHERE WE ACTUALLY DO WORK. EACH YEAR WE DO A BUSINESS PLAN. SO IN 2022, WE DID OUR 2022 BUSINESS PLAN, IN 2021, ET CETERA. 2023 IS NO DIFFERENT. AND THE BUSINESS PLAN OUTLINE ALL THE SPECIFIC ACTIVITIES THAT WE'RE GOING TO GET DONE WITHIN THE NEXT YEAR AND THAT FORMS THE BASIS FOR OUR BUDGET AND ALSO FORM THE BASIS FOR OUR PERFORMANCE PLAN. SO ALL THE ACTIVITIES IN OUR BUSINESS PLAN WILL NEED EQUIPMENT, IT WILL NEED MONEY, IT

WILL BE PEOPLE, AND THAT'S HOW WE ANSWER THE DEVELOPER BUDGET. SO THE BUSINESS PLAN IS NOT A SEPARATE PROCESS FROM THE BUDGETING AND CREATING THE ACTIVITIES FOR OUR PERFORMANCE PLAN IS NOT A SEPARATE ACTIVITY FROM OUR BUSINESS PLANNING PROCESS. IT'S ALL TIED IN. AGAIN. SO, NEXT SLIDE PLEASE.

SO THIS IS WHAT WE CALL OUR SWAT PROFILE. IF YOU HAVE TIME TO LOOK THROUGH THE APPENDIX, YOU'LL SEE A FULL BLOWN SWAT ANALYSIS WITH ALL THE STRENGTHS, WEAKNESSES, OPPORTUNITIES AND GROWTH. WE ALSO UNDERSTAND THAT IT'S UNREALISTIC FOR US TO TRY TO ADDRESS EVERY SINGLE, TO TAKE ADVANTAGE OF EVERY STRENGTH OR TO TRY TO OVERCOME EVERY WEAKNESS OR LEVERAGE. EVERY OPPORTUNITY THAT I THINK IS THOSE THEY ARE MITIGATING EVERY THREAT. WE JUST DON'T HAVE THE TIME TO DO THAT IN ANY PARTICULAR YEAR OR THREE YEARS. SO WHAT WE HAVE DONE FROM THE SWAT ANALYTICS, WE CREATE A SWAT PROFILE, WHICH IS ACTUALLY A SUMMARY OF THE TOTAL SWAT ANALYSIS. WHAT WE DO, WE PICK THE TOP THREE OR FOUR ISSUES THAT WE'D LIKE TO FOCUS ON. AND SO THIS IS WHAT YOU'RE LOOKING AT RIGHT NOW. SOME OF THE THINGS THAT YOU'RE SEEING HERE, YOU'VE PROBABLY SEEN IT THREE YEARS AGO, BUT THERE ARE SOME NOTABLE CHANGES. FOR EXAMPLE, ON THE WEAKNESSES, STAFFING CHALLENGES. IF YOU LOOKED AT MAYBE THREE YEARS AGO, THAT WASN'T A MAJOR WEAKNESS FOR US. ON THE THREAT, HIGH INFLATION AND RISK OF RECESSION, WHICH IS HUGE FOR US RIGHT NOW. THREE YEARS AGO, BACK IN 2019, THAT PROBABLY WOULDN'T HAVE MAJOR ISSUES. BUT OPPORTUNITY TAKES THIS FOR EXAMPLE. ALASKA AIRLINES IS NOW PART OF ONE WORLD ALLIANCE AND THAT'S A MAJOR OPPORTUNITY THAT WE CAN TAKE ADVANTAGE OF IN TERMS OF DEVELOPING AND CREATING NEW ROUTES TO NEW CITIES AND DESTINATIONS. AND AS ALWAYS ONE OF OUR MAJOR STRENGTHS, OF COURSE OUR EMPLOYEES THAT WILL PROBABLY NEVER CHANGE. THAT'S, PROBABLY OUR BIGGEST STRENGTH THAT WE HAVE. SO, AGAIN, THE SWAT PROFILE THAT WE HAVE CREATED HELPS US UNDERSTAND THAT WE DO NOT OPERATE IN A BACKFIELD. THERE ARE THINGS OUT THERE THAT CAN PREVENT US FROM ACHIEVING OUR GOALS, BUT THERE ARE ALSO THINGS THAT WE CAN LEVERAGE IN ORDER TO GET OUR GOALS. AND THAT'S WHY WE CREATE THE SWAT PROFILE. NEXT SLIDE, PLEASE.

SO THESE ARE THE TOP TEN GOALS THAT WE HAVE. THEY'RE NOT IN ANY ORDER OF PRIORITY. THESE ARE JUST TEN THINGS WE'RE FOCUSING ON. AS AN AIRPORT CEO, MY IDEAL SITUATION WOULD BE TO FOCUS ON

MAYBE THREE OR FOUR THINGS. HOWEVER, JUST THE NATURE OF THE AIRPORT BUSINESS. WE HAVE SO MANY DIFFERENT BUSINESSES WITHIN THE AIRPORT OPERATION, IT'S VERY, VERY DIFFICULT TO JUST COME UP WITH THREE. NOW, THESE FORM THE FOUNDATION FOR MY PERFORMANCE PLAN, MY DIRECTORS, THEY DO NOT FOCUS ON ALL TEN OF THESE. THEY'LL PROBABLY GO THREE OR FOUR OF THESE IN ORDER TO GET THEM. DONE. AND THESE GOALS ACTUALLY TRICKLE DOWN THROUGHOUT THE ORGANIZATION TO MY DIRECT REPORT, TO THEIR DIRECT REPORT, ET CETERA, THROUGHOUT THE ORGANIZATION. AND SO THAT'S HOW WE KEEP THAT LINE OF SIGHT FROM THE LOWEST LEVEL OF THE ORGANIZATION ALL THE WAY UP TO OUR STRATEGIC PLAN, ALL THE WAY UP TO THE CENTURY AGENDA. NEXT SLIDE, PLEASE. THIS ONE. I SPECIFICALLY ASKED THE TEAM TO PUT THIS TOGETHER. WE MIGHT BE REFINING THIS OVER THE NEXT FEW WEEKS OR MONTHS TO COME. AND THE POINT I'M TRYING TO MAKE HERE IS, AS SOME COMMISSIONER MEETING SOME TIME AGO, WE WERE PRESENTING ON THE RESOURCES THAT WE NEEDED IN ORDER TO DO THE STAFFING ENHANCEMENTS AT THE AIRPORT, WHETHER IT WAS OVER AT THE INTERNATIONAL ARRIVAL FACILITY OR SECURITY CHECKPOINT OR OVER IN BROADCAST AVIATION. AND THE QUESTION WAS ASKED OF, OKAY, COMING TO US WITH ALL OF THIS, WHAT IS THE STRATEGY? AND THE POINT OF THIS SLIDE IS TO TRY TO ANSWER THAT QUESTION AND TRY TO PUT IT INTO CONTEXT. THERE IS ACTUALLY A METHOD TO MADNESS. IT MIGHT LOOK LIKE IT'S A PIECE OF A PUZZLE ALL OVER THE PLACE. BUT ALL THESE PARTS. ALL THESE PIECES OF A PUZZLE IS ACTUALLY GEARED TOWARDS US GETTING TO THE GOALS THAT YOU SEE ON THE RIGHT. WHERE THERE'S A FIVE STAR RATING. 75 MINUTES MINIMUM CONNECT TIME ON THE INTERNATIONAL SIDE. OR FORTY FIVE MINUTES FROM FRONT DOOR TO GATE. TO A LEVEL SERVICE WHAT WE CALL OPTIMUM. ET CETERA. ET CETERA. ALL OF THESE THINGS THAT WE COME TO COMMISSION FOR APPROVAL FOR, THEY'RE ACTUALLY, WELL THOUGHT OUT. WE HAVE ESTABLISHED OF THEM. AND WE HAVE LOOKED AT ALL THE ACTIVITIES ON THE CAPITAL IMPROVEMENT SIDE, ON THE OPERATING SIDE, ACCESSIBILITY, CUSTOMER SERVICE. WE KNOW ALL OF THESE THINGS THAT WE NEED TO PUT TOGETHER IN ORDER TO GET US THERE. AND THIS IS WHAT THIS STRENGTH DICTATES. IT MIGHT SEEM RANDOM BUT THERE'S ACTUALLY METHOD AND IT'S A WELL THOUGHT OUT PROCESS TO GET US TO TRY TO ACHIEVE OUR LONG TERM RESTORE

FIVE TO TEN YEAR GOALS. RIGHT NOW, AT FOUR STAR, THE EXPECTATION IS THAT WE'LL GET FIVE STAR IN THE LONG TERM. NEXT SLIDE PLEASES. SO, SETTING PRIORITIES FOR 2023, AGAIN, WE START WITH A VISSION THAT WE'VE ESTABLISHED THROUGH THIS CENTURY AGENDA AND WE ALSO HAVE OUR THREE TO FIVE YEAR OBJECTIVE. AND FROM THAT THAT HELPS US TO ESTABLISH THE 2023 GOALS. WE HAVE THREE PRIMARY CATEGORIES THAT WE USE BECAUSE OF COURSE WE CANNOT APPROVE EVERY SINGLE REQUEST THAT COMES TO US. AND BORGAN IS GOING TO TALK A LITTLE BIT MORE ABOUT IN THE PRESENTATION, ABOUT ALL THE REQUESTS THAT WE GOT AND THEN THE AMOUNT THAT WE REQUEST THAT WE APPROVED, ALL THE NTE REQUESTS THAT WE GOT AND THE NUMBER THAT WE APPROVED. SO WE HAVE THREE PRIMARY CATEGORIES THAT WE USE. WE HAVE WHAT WE CALL THE MUST DO A REGULATORY CATEGORY. WILDLY IMPORTANT GOALS OR WIGS AND WHAT WE CONSIDER TO BE PRETTY IMPORTANT GOALS OR PIGS. IN THE MUST DO A REGULATORY CATEGORY, THESE ARE THINGS THAT WE HAVE NO CHOICE. THEY'RE EITHER CODE REQUIRED, THEY'RE REQUIRED LEGALLY OR THEY'RE REQUIRED BY REGULATION. AND THEN THERE ARE OTHERS THAT IT MIGHT BE A COMMISSION MANDATE. WE JUST HAVE TO DO THESE THINGS AND THERE'S ACTUALLY NO DEBATING ABOUT THEM. THEN WE HAVE WHAT WE CONSIDER TO BE WILDLY IMPORTANT GOALS. SO THESE ARE THE GOALS. FOR EXAMPLE, WE HAVE 20 GOALS THAT WE HAVE ESTABLISHED. THERE'S FIVE OF THEM THAT ARE AT THE HIGHEST PRICE. WE MUST GET THESE DONE NO MATTER WHAT. IF FOR SOME REASON WE HAVE A RECESSION OR WE'RE RUNNING OUT OF MONEY OR WHATEVER, THE REASON IS THAT WE CAN'T GET EVERYTHING DONE. THE WILDLY IMPORTANT GOALS ARE THE ONES THAT WE'RE GOING TO FOCUS ON AND WE MUST GET THEM DONE. AND THEN THE PRETTY IMPORTANT GOALS ARE, AS THEY SAY, THE PRETTY IMPORTANT GOALS. OUR OBJECTIVE IS ALWAYS TO GET EVERYTHING DONE. BUT IF WE HAVE TO MAKE A CHOICE, IF WE'RE RUNNING OUT OF TIME OR RESOURCE, THE WILDLY IMPORTANT ONES ARE THE ONES WE'LL FOCUS ON THE MOST. I'LL JUST SHOW A FEW EXAMPLES OF THESE. THESE ARE EXAMPLES OF THE MUST DO REGULATORY. IN ORDER FOR US TO MAINTAIN OUR OPERATING CERTIFICATE AT AN AIRPORT, WE HAVE TO PASS A 139 INSPECTION. SO THIS IS SOMETHING THAT WE HAVE TO DO. WE HAVE NO CHOICE. COMPLETE CONSTRUCTION OF THE SECURITY AREA, DEPOT CHECKPOINT BY THE FOURTH QUARTER. AGAIN, THAT REGULATORY. WE MUST GET THAT DONE. AND WE HAVE A WHOLE SLEW OF ENVIRONMENTAL AND

SUSTAINABILITY PERMIT CONDITIONS THAT WE MUST MEET, WHETHER IT RANGES FROM STORMWATER ALL THE WAY TO HAZARDOUS MATERIAL. SO THESE ARE EXAMPLES OF REGULATORY OR POLICY. WE JUST REALLY DON'T HAVE A CHOICE. WE HAVE TO DO THESE. SO THESE ARE NOT DEBATABLE. NEXT SLIDE PLEASE.

AND THESE ARE JUST A FEW EXAMPLES OF THE WIG GOALS, THE ONES THAT IF WE HAVE TO START MAKING A CHOICE, THESE ARE THE ONES THAT WE MUST. PRODUCE 5% REDUCTION IN MAJOR INCIDENT RATE. COMMUNITY IS ALSO VERY IMPORTANT TO US. COMPLETE 15% OF THE PART 150 NOISE STUDY AND OF COURSE RETAIN THE BEST AIRPORT DESIGNATION. EVEN THOUGH THIS IS 1 LINE, THERE'S PROBABLY ABOUT 30 OR 32 ITEMS THAT ACTUALLY IN THIS LINE, ITEMS THAT WE'LL HAVE TO ACHIEVE IN 2023. NEXT SLIDE PLEASE. THERE SHOULD BE TWO OTHERS HERE. [INAUDIBLE]

OBVIOUSLY GOT TO GENERATE THE REVENUES, ESPECIALLY NON AERONAUTICAL REVENUES. HAVE TO ALSO SPEND WITHIN OUR MEANS. SO WE WANT TO MAKE SURE WE ACHIEVE A DEBT SERVICE COVERAGE OF AT LEAST ONE POINT. THE CASH AND COMPLETE MONTH OF CASH AND THAT TARGET FOR 2023. OVERALL OBJECTIVE BORGAN AND I TALK A LITTLE BIT MORE ABOUT THIS WHEN IT COMES DOWN. YOU'LL ACTUALLY GET THE 18 MONTHS OF CASH ON HAND BY 2024 I THINK I'VE TARGETED. THIS COMES IN VERY HANDY, ESPECIALLY IN THE LAST CORONAVIRUS EVENTS THAT WE HAD BECAUSE WE ACTUALLY HAD CASH HAND AND WE WERE ABLE TO CONTINUE RUNNING THE AIRPORT FOR A WHILE WITHOUT HAVING TO LAY ANYONE OFF. AND AS WE GOT HELP FROM THE FEDERAL GOVERNMENT, WE'RE ABLE TO HELP OUR CONCESSIONNAIRES, THE AIRLINES, ALL THE TENANTS BASICALLY OPERATING AT THE AIRPORT. IT'S VERY IMPORTANT THAT WE MEET OR EXCEED THIS OBJECTIVE OF HAVING 15 MONTHS CASH IN HAND BY NEXT YEAR, BUT IN THE FUTURE, 18 MONTHS. AND OF COURSE WE HAVE A HUGE CAPITAL DEVELOPMENT PROGRAM. KERRY IS GOING TO TALK ABOUT SOME OF THE PROJECTS IN THE CAPITAL DEVELOPMENT PROGRAM. WE'RE GOING TO BE SPENDING BILLIONS OF DOLLARS OVER THE NEXT FEW YEARS AND WE THINK IT'S UNREALISTIC TO EXPECT US TO REACH 100% OF ALL PROJECTS ON SCHEDULE ON BUDGET. WE THINK 75% IS MORE THAN REASONABLE. THAT IS OUR TARGET. ALSO WE WANT TO MAKE SURE OUR PLANNED EXPENDITURE WOULD BE 75% OF THAT AS WELL. IF WE'RE NOT SPENDING THE MONEY THAT WE'VE BUDGETED, SOMETHING IS WRONG. EITHER THE PROJECT IS NOT MOVING OR PRIME OR SUB

CONTRACTORS ARE NOT GETTING PAID. SO IT'S VERY IMPORTANT THAT WE FOCUS ON THESE AREAS AS WELL. NEXT SLIDE PLEASE. AND THESE ARE PRETTY IMPORTANT. I'M NOT GOING TO GO THROUGH ALL OF THEM ON THIS TOUCH MAYBE ON A FEW SAFETY AGAIN AND SECURITY IS ALWAYS VERY IMPORTANT TO US. AND NUMBER FIVE IS AN ESTABLISHED PRODUCT AND THE VENTRICULAR SYSTEM UPGRADE THAT ACTIVITY SHOULD BE CONDUCTED AND ANALYSIS ON THE VENTRICLE SYSTEM UPGRADE FOR THE RENTAL CAR FACILITY THAT COULD ACCOMMODATE EV CHARGERS DOWN THE ROAD AND AGAIN BACK TO COMMUNITIES BECAUSE THEN THE PORT WORKING. WE HAVE A NOISE WORKING GROUP AND WE HAVE A FEDERAL POLICY WORKING AND WE HAVE MULTIPLE BOARDS THAT WE HAVE. THERE ARE OBJECTIVE 2023 IS TO MEET ALL OF THOSE GOALS. NEXT SLIDE, PLEASE. OKAY, SO I'M GOING TO HAND OVER TO BORGAN. BUT JUST BEFORE I JUST WANT TO MAKE A FEW POINTS HERE, I'M GOING TO ADD A WORK ON AT THIS POINT. SO WE ARE SEEING STRONG RECOVERY. YOU'RE GOING TO SEE THAT IN THE NEXT QUARTERLY IS GOING TO TALK ABOUT THAT. WE'RE SEEING VERY, VERY STRONG RECOVERY ON THE PASSENGERS, BOTH DOMESTIC AND INTERNATIONAL. AS A RESULT, WE'RE SEEING VERY STRONG OPERATING REVENUES AS WELL. WE'RE FOCUSING HEAVILY ON NON AERO REVENUES. THAT IS A HUGE CAPITAL DEVELOPMENT PROGRAM THAT KERRY IS GOING TO TALK ABOUT. BUT WE'RE STILL REALLY OPERATING IN A VERY FRAGILE ENVIRONMENT. THERE'S A SERIOUS RISK OF A RECESSION AND EVERYTHING COULD CHANGE IN A QUICK SECOND. SO WE TOOK THAT INTO CONSIDERATION WHEN WE'RE GOING THROUGH THE BUDGET. PUGET AND THE BUDGET THAT WE HAVE, EVEN THOUGH YOU'LL SEE THAT IT HAS INCREASED THERE'S SIGNIFICANT INCREASE IN 2023, OVER 2022, AT LEAST THE PROPOSED BUDGET, WE ACTUALLY PRESENTED WHAT WE CONSIDER TO BE A VERY LEAN BUDGET. WE ARE NOT IN THE GAME PLAYING WHERE WE SAY, OKAY, WE'RE GOING TO ASK FOR 50, EVEN THOUGH WE NEED 40 WITH THE HOPE THAT WE GET 50. RESOURCES THAT WE'RE ASKING FOR IS RESOURCES THAT WE THINK WE NEED IN ORDER TO ACHIEVE AND GET THE ACTIVITIES IN OUR BUSINESS PLANS OF 2023 ACCOMPLISHED. SO ANOTHER THING, I WANT TO ADD AN EQUITY BUDGET IN, WHICH IS VERY IMPORTANT TO US. AND YOU'LL HEAR THAT, YOU'LL SEE THAT IN A FEW SLIDES THAT'S COMING UP. BUT I THINK THE BUDGET ALSO REFLECTS US KEEPING PACE FOR THE GROWTH THAT'S TAKING PLACE WITHIN THIS REGION, BUT ALSO TRYING TO DO IT IN A VERY SUSTAINABLE MANNER. SO THAT SAID, I'LL NOW HAND OVER

TO THE BORGAN AND I HOPE YOU'LL HEAR BORGAN A WHOLE LOT CLEARER THAN I AM. THANK YOU, LANCE. SORRY. YEAH. IN CONCLUSION, NO, THIS SLIDE SHOWS THE SHAPE OF THE RECOVERY. AND YOU CAN SEE THAT IN 2022, WE'RE ALREADY COMING IN A LITTLE LOWER THAN WE BUDGETED. AND THAT'S BECAUSE WE STARTED OFF THE YEAR LOWER. THE OMICRON VARIANT HIT, AND THE AIRLINES HAD A LOT OF STAFFING ISSUES EARLY IN THE YEAR. WHAT WE'RE BUDGETING FOR 2023 WOULD BE, BY HISTORICAL STANDARDS, A HIGH PERCENTAGE GROWTH, 8%. BUT IN THIS RECOVERY AND COMPARED TO THE LAST COUPLE YEARS, IT'S FAIRLY MODEST, BUT THIS WOULD PUT US ABOUT 3% BELOW 2019. SO WE'RE ALMOST THERE. I'D LIKE TO PAUSE HERE AND SAY THAT WE ARE CAREFULLY LOOKING AT THE FORECAST AT THIS TIME AND RELYING ON MICHAEL JOLLINGER AND OUR BUSINESS INTELLIGENCE GROUP WHO HAVE DONE A FANTASTIC JOB FORECASTING OVER THE LAST FEW YEARS. AND THERE'S A CHANCE THAT WE'LL COME BACK TO YOU AT FIRST READING WITH A MODIFICATION THAT WOULD PROBABLY SLICE A LITTLE BIT OFF OF THE GROWTH RATES FOR 2022 AND 2023. BUT I'D SAY IT'S GOING TO BE CLOSE ENOUGH THAT THE FUNDAMENTAL STORY THAT WE'RE TELLING HERE TODAY IS THE SAME, BUT WE MAY HAVE A SLIGHT DECREASE. NEXT SLIDE, PLEASE. SO LANCE TALKED ABOUT THE REBOUND IN REVENUES, AND THIS SLIDE SHOWS THAT. AND THE BLUE BOX AT THE BOTTOM IS OUR NON AERONAUTICAL REVENUES. AND THAT'S WHAT'S SO KEY TO GENERATE OUR CASH FLOW, AS WE'LL SHOW LATER. AND WE'RE SEEING A VERY STRONG GROWTH THERE. THE GREEN BAR IS THE AIRLINE REVENUES, AND MOST OF THESE REVENUES ARE COST RECOVERY. AND WE HAVE BEEN USING THE FEDERAL RELIEF GRANTS IN PART TO OFFSET THE COST THAT WOULD OTHERWISE GO INTO THE AIRLINE RATE BASE. SO WHAT WE'RE SEEING HERE IS A VERY SIGNIFICANT INCREASE IN AIRLINE COSTS OR FOR US. REVENUES. AND THAT'S BOTH THE NEW FACILITIES THAT WE'VE ADDED, LIKE THE NORTH SATELLITE AND THE INTERNATIONAL ARRIVALS FACILITY, WE'RE NOW PAYING THE FULL DEBT SERVICE ON THOSE FACILITIES AND ESSENTIALLY THE ELIMINATION OF THE FEDERAL RELIEF GRANT FOR 2023. WE HAVE A LITTLE BIT LEFT, BUT IT'S NOT BEING USED ON THE AERONAUTICAL SIDE. SO THIS IS GOING TO BE GOOD NEWS FOR US, BUT IT WILL BE A TOUGH NUT TO SWALLOW FOR THE AIRLINES. NEXT SLIDE, PLEASE. AND THEN THE OTHER FACTOR THAT WE'RE FACING NOW, WHICH IS ACTUALLY SIMILAR TO WHAT WE WERE FACING LAST YEAR, IS A VERY

SIGNIFICANT CAPITAL PROGRAM LOOMING IN THE FUTURE. IN 2018 AND 2019 REPRESENTED ALL TIME HIGH FOR CAPITAL SPENDING AT A LITTLE UNDER 600 MILLION. WE'RE PLANNING TO EXCEED THAT IN 2023 AND GREATLY EXCEED THAT OVER THE COURSE OF THE NEXT FOUR YEARS. AND SO KERRY STEVENS WILL TALK A LOT MORE ABOUT THE PROJECTS THAT ARE INSIDE THIS. BUT WE HAVE SOME SIGNIFICANT NEW MEGA PROJECTS THAT WE'LL BE BRINGING ON THAT WILL REALLY DRIVE THE SPENDING. ALL RIGHT, NEXT SLIDE, PLEASE. SO WHAT WE'RE LOOKING AT HERE IS WHAT WE CALL THE WATERFALL OF OUR BUDGET. AND THE TOP BAR IS OUR 2022 APPROVED BUDGET. AND THIS IS JUST AIRPORT COSTS. WE'LL BRING IN THE COSTS FROM OTHER DIVISIONS A LITTLE BIT LATER, BUT THIS REALLY SHOWS HOW WE GO THROUGH THE BUDGET PROCESS. EACH YEAR, WE APPROVE A NUMBER OF ITEMS THAT WE CLASSIFY AS NON RECURRING. SO AT THE BEGINNING OF THE NEXT YEAR, WE PULL THOSE OUT. SO THAT'S THE GREEN BAR. IT SHOWS SAVINGS. THE BIGGEST CHANGE, THOUGH, AS WE LOOK AT OUR BASELINE BUDGET, IS THE COST INCREASES. AND MOST OF THESE ARE PAYROLL INCREASES. AND YOU'VE ALREADY HEARD DAN AND STEVE TALK ABOUT THE INVESTMENT IN OUR STAFF, AND THAT'S SHOWING UP IN THESE BIG DOLLARS. WE ALSO HAVE CONTRACTUAL INCREASES THAT ARE EFFECTIVELY THE STAFF OF OUR CONTRACTORS. THEIR COSTS ARE GOING UP, TOO. SO WHETHER IT'S JANITORIAL OR OTHER MAINTENANCE CONTRACTS, WE'RE SEEING A SIGNIFICANT INCREASE THERE THAT IS VERY SIMILAR TO WHAT WE'RE SEEING FROM A PAYROLL STANDPOINT. THE MESSAGE HERE IS, BEFORE ONE NEW ITEM IS REALLY APPROVED, WE ARE LOOKING AT A BASELINE BUDGET OF ALMOST \$290,000,000, WHICH WOULD ALREADY EXCEED OUR 2022 BUDGET. THE BOTTOM HALF SHOWS THE ITEMS THAT WE'LL BE TALKING ABOUT HERE, THE ITEMS THAT WE'RE PROPOSING TO ADD TO THE BUDGET. AND THOSE AGAIN ARE SEPARATED BETWEEN BASELINE COSTS, THINGS THAT WILL BE IN OUR BUDGET EVERY YEAR GOING FORWARD, AND THOSE ITEMS THAT ARE NON RECURRING AND WILL COME IN THIS YEAR, EXCUSE ME NEXT YEAR AND PRESUMABLY GO OUT THE FOLLOWING YEAR. SO WHAT WE'RE PROPOSING IS AN AIRPORT BUDGET OF 333,000,000 COMPARED TO THE 286,000,000 OF 2022. SO A BIG INCREASE. NEXT SLIDE, PLEASE.

SO, JUST PICKING UP ON WHAT LANCE TALKED ABOUT, WE HAD 210 BUDGET REQUESTS TOTALING \$52 MILLION. AND WHAT WE'RE BRINGING FORWARD FOR YOUR CONSIDERATION IS 122 OF THOSE ITEMS TOTALING \$36

MILLION. DOWN BELOW THAT, ALMOST 67 FTES WERE PROPOSED IN OUR DIVISION REVIEWS AND WE ARE MOVING FORWARD FOR YOUR CONSIDERATION WITH 23 OF THOSE. SO WE WERE PRETTY TOUGH IN TERMS OF LOOKING AT NEW FTES, KNOWING HOW MUCH OUR BUDGET WAS GROWING. ON THE RIGHT SIDE. WE'VE CATEGORIZED THESE REQUESTS IN THE SAME PRIORITIES THAT LANCE DISCUSSED. THE MUSTS, THE WILDLY IMPORTANT GOALS, THE PRETTY IMPORTANT GOALS AND OTHER. NOW I HAVE ISOLATED AIRLINE REALIGNMENT AND I'LL JUST REMIND YOU WHAT THAT IS. THIS IS THE PROVISION WITHIN OUR AIRLINE LEASE AGREEMENT THAT ALLOWS US TO REALLOCATE SPACE, TO OPTIMIZE THE USE OF THE SPACE. AND THIS IS THE PLAN THAT WE HAVE FOR THE OPENING OF THE INTERNATIONAL ARRIVALS FACILITY TO MAKE SURE WE CAN OPTIMIZE THOSE GATES ON CONCOURSE A. UNITED AIRLINES IS ON CONCOURSE A. THEY DO NOT HAVE INTERNATIONAL SERVICE OUT OF SEA. SO THIS PLAN IS TO MOVE THEM OVER TO CONCOURSE B AND TO ALLOCATE THOSE GATES ON A TO DELTA. SOUNDS SIMPLE. IT'S ACTUALLY VERY COMPLICATED AND VERY EXPENSIVE. MOST OF THE COSTS ARE CAPITAL COSTS AND THE PROJECT HAS BEEN APPROVED. BUT THESE ARE THE ELEMENTS OF THAT PROJECT THAT WOULD BE CHARGED TO EXPENSE. SO IT'S KIND OF A REQUIREMENT. YOU'RE GOING TO SEE IT NEXT YEAR AS WELL. SO THIS IS ISOLATED SEPARATELY. LET'S GO ON TO THE NEXT SLIDE, PLEASE. OKAY, SO WHAT WE'VE GOT HERE IS THE LIST OF THE BIGGEST ITEMS ON THE RIGHT AND SOME EXPLANATIONS ON THE LEFT. SO WITH THESE ITEMS HERE, WE'RE BASICALLY COVERING ABOUT 27, 26, 27 MILLION OUT OF THE TOTAL 36. AND THE VERY FIRST ITEM IS AIRLINE REALIGNMENT, WHICH I'VE JUST MENTIONED. THE OTHER BIG ITEM IS THE CONSOLIDATED CUSTOMER SERVICES CONTRACT. AND THIS WAS BROUGHT TO YOU EARLIER THIS YEAR FOR APPROVAL. AND WE HAVE AN EXISTING BUDGET OF 4.1 MILLION. AND WHAT WE'RE PROPOSING IS TO INCREASE THAT BY FOUR POINT 9 MILLION YEAR TO BRING US TO A LITTLE OVER \$9 MILLION. AND MOST OF THESE COSTS ARE AIMED AT MAINTAINING THAT FOUR STAR RATING. AND MOST OF IT IS ACTUALLY RELATED TO THE INTERNATIONAL ARRIVALS FACILITY OPERATIONS. THERE'S A LOT OF ADDITIONAL STAFFING SUPPORT THAT'S NEEDED THERE. RELATED TO THIS. BUT A LITTLE FURTHER DOWN THE LIST IS THE SMART CART CONTRACT INCREASE. AND THIS IS AGAIN HAVING A SERVICE TO RECIRCULATE THOSE CARTS SO THAT WHEN PASSENGERS ARRIVE, THERE ARE CARTS WAITING FOR

THEM. AND IT'S A FAIRLY LABOR INTENSIVE PROCESS. AND THIS WE'RE ANTICIPATING A NEW CONTRACT WITH SMART CART TO SUPPORT THAT. THE OTHER BIG AREA THAT WE'RE ADDING RESOURCES IS PLANNING. AND THIS IS FROM ONE OF THOSE ITEMS THAT'S NON RECURRING. WE DO THE PLANS, WE PULL THE MONEY OUT OF THE BUDGET, AND THEN WE HAVE NEW PLANS FOR THE FOLLOWING YEAR. SO FOR 2023, WE'RE LOOKING AT A NUMBER OF ITEMS. FIRST OF ALL, THERE'S A MAIN TERMINAL TICKETING PLAN, THERE'S A HARD STAND UTILIZATION STUDY, THERE'S A TRAVEL DEMAND MODEL FOR VEHICLE ACTIVITY, AND THERE'S A PARKING GARAGE STRATEGIC PLAN. THERE'S ALSO GOING TO BE A REVIEW OF THE ELECTRIC VEHICLE CHARGING PROGRAM, ASSESSING OUR NEEDS AND THE INFRASTRUCTURE REQUIREMENTS, AND ALSO A REVIEW OF THE PROPERTY SOUTH OF THE AIRPORT WHERE WE HAVE THE LEARNING CENTER. PORT CONSTRUCTION SERVICES HAS THEIR HEADQUARTERS IN THE WHOLE LOGISTICS AREA, SO WE'RE AGAIN LOOKING TO OPTIMIZE THAT SPACE. THE NEXT ITEM WOULD BE OBVIOUSLY THE COST OF OUR NEW STAFF, WHICH I'LL TOUCH ON IN THE NEXT SLIDE. AND THEN WE HAVE ONGOING COSTS ASSOCIATED WITH THE SUSTAINABLE AIRPORT MASTER PLAN, ENVIRONMENTAL REVIEW, AND SOME SIGNIFICANT COSTS ASSOCIATED WITH OUR CAPITAL PROJECT AND OTHER PROJECTS THAT HAPPEN TO BE EXPENSE. I'D LIKE TO HIGHLIGHT THE SUSTAINABLE AVIATION FUEL CO BENEFITS PILOT PROJECT AND THE AIRLINES AT THE AIRPORT ARE ANTICIPATING TO PURCHASE A MILLION GALLONS OF SUSTAINABLE AVIATION FUELS VIA THE BOEING CONTRACT. AND WITH THIS BUDGET DOLLARS, WE WOULD BE IN EFFECT PURCHASING SOME OF THE ENVIRONMENTAL ATTRIBUTES OF THAT FUEL, WHICH WOULD HELP BRING THE COST DOWN AND MAKE IT A LITTLE MORE COMPETITIVE FOR THE AIRLINES. SO THIS IS SOMETHING THAT WE'RE DOING OUTSIDE OF THE LEASE AGREEMENT. THIS IS JUST THE AIRPORT DOING THIS AND WITH AIRPORT REVENUE, BUT NONEERONAUTICAL REVENUE. SO WE'RE PRETTY EXCITED ABOUT THIS PROPOSAL. THE OTHER THING I WANTED TO HIGHLIGHT ON THIS LIST IS FURTHER DOWN. IT'S THE PART 150 STUDY LANCE TALKED ABOUT. FROM A CAPITAL STANDPOINT, ONE OF OUR OBJECTIVES IS TO MOVE AHEAD AND PROGRESS WITH THE 2014 PART 150 STUDY. AND WHAT THIS LINE ITEM REPRESENTS IS INITIATING THE NEXT PART 150 STUDY. SO IT TAKES A FEW YEARS TO GET THROUGH THAT AND SO THIS WILL UNDOUBTEDLY BE A RECURRING ITEM. NEXT SLIDE PLEASE, UNLESS THERE

ARE ANY QUESTIONS. OKAY,
SO IN THE OTHER ITEMS, I JUST WANTED TO HIGHLIGHT A FEW THINGS. THIS IS NOT AN EXHAUSTIVE LIST, BUT IT HIGHLIGHTS SOME OF THE INITIATIVES WE'RE DOING IN THE ENVIRONMENT AND SUSTAINABILITY AREA AND DOWN BELOW, UNDER ECONOMIC OPPORTUNITY. I WANTED TO HIGHLIGHT THE CHILD CARE STUDY THAT WE'RE GOING TO UNDERTAKE AND WE'RE ACTUALLY GOING TO INITIATE THAT THIS YEAR TO GET GOING ON IT, TO HAVE TO REALIZE PROGRESS A LITTLE SOONER THAN WE WERE THINKING. AND THEN THE ANTI-HUMAN TRAFFICKING TRAINING WILL INITIATE NEXT YEAR AS WELL. THE OTHER ONE I WANTED TO HIGHLIGHT WAS THE CONSTRUCTION COMMUNICATION OR UPGRADE SEA. WITH ALL OF THE CONSTRUCTION GOING ON IN THE TERMINALS ON THE ROADWAYS, WE RECOGNIZE A NEED TO COMMUNICATE DIRECTLY THROUGH AD CAMPAIGNS AND OTHER THINGS. SO THIS IS PART OF A MAJOR EFFORT THAT WILL NOT BE A ONE TIME THING. THIS WILL BE AN ONGOING COMMUNICATION TO LET PEOPLE KNOW WHAT'S GOING ON AT THE AIRPORT. AND FINALLY, THERE'S A NUMBER OF ITEMS THAT WE'RE LOOKING TO INITIATE TO TRY TO INCREASE NON AERONAUTICAL REVENUES. AND THEY'RE LISTED THERE AND THAT'S GOING TO BE SO IMPORTANT. JUST WANTED TO POINT TO ONE BIG THING. THE ANTI HUMAN TRAFFICKING TRAINING WE ACTUALLY STARTED ALREADY. REMEMBER, WE HAVE 100,000 EACH YEAR, SO WE ACTUALLY STARTED IT ALREADY. WE HAVE 100,000 TO SPEND NEXT YEAR AS WELL. SO IT WON'T BE INITIATED NEXT YEAR, IT WILL BE CONTINUED NEXT YEAR. I JUST WANT TO CLARIFY THAT. THANK YOU FOR THE CLARIFICATION. YES, THANKS. OKAY, NEXT SLIDE, PLEASE. ALL RIGHT, THERE IS ONE ITEM THAT WE ARE CONTINUING TO WORK ON, AND THIS IS TO IDENTIFY SOME AMENITIES FOR THE TRANSPORTATION NETWORK COMPANY DRIVERS. AND THIS IS ANOTHER THING, WE'RE ACTUALLY GOING TO TRY TO LAUNCH THE STUDY THIS YEAR SO WE UNDERSTAND IT BETTER AND CAN HELP WORK WITH COMMISSION STAFF AND THE COMMISSIONER TO UNDERSTAND WHAT WE'RE TRYING TO DO HERE AND MAKE SURE THAT WE CAN BRING FORWARD A PROPOSAL. AND DEPENDING ON WHAT WE COME UP WITH, WE WOULD BRING IT IN AS A MID YEAR PROPOSAL NEXT YEAR, EITHER TO THE OPERATING BUDGET OR THE CAPITAL BUDGET OR BOTH, DEPENDING ON WHAT IT IS. SO I JUST WANTED TO PROVIDE THAT UPDATE. NEXT SLIDE, PLEASE. OKAY, SO WHAT WE'RE LOOKING AT HERE IS A SUMMARY OF ALL THOSE BUDGET REQUESTS. AGAIN BY THE AREAS OF STRATEGIC FOCUS THAT LANCE HIGHLIGHTED BEFORE. AND YOU CAN SEE THAT MOST OF THE NEW DOLLARS ARE FOCUSED ON

CUSTOMER EXPERIENCE. AND THIS IS WHERE THAT CONSOLIDATED CUSTOMER SERVICE CONTRACT IS, AMONG OTHER THINGS. WE'RE ALSO FOCUSING SIGNIFICANT DOLLARS IN THE ENVIRONMENT, SUSTAINABILITY AREA AND ALSO HEALTH AND SAFETY. AND AT THE BOTTOM, ASSET MANAGEMENT, CAPITAL DEVELOPMENT AND DELIVERY. ONGOING IS ALSO VERY BIG. THAT'S WHERE THE AIRLINE REALIGNMENT WOULD BE. NEXT SLIDE, PLEASE. ALL RIGHT, THESE ARE THE SUMMARY OF THE FTES. AND I THINK, AS YOU MIGHT EXPECT, SUPPORTING THE GROWING CAPITAL PROGRAM IS A SIGNIFICANT FOCUS. THERE WILL BE SIX FTES THERE. IN THE CUSTOMER EXPERIENCE AREA. WE ARE ADDING AN ACCESSIBILITY COORDINATOR AND A VOLUNTEER COORDINATOR. IN SUPPORT OF THE PART 150 STUDY. THERE'LL BE AN ADDITIONAL AIRPORT NOISE COORDINATOR AND THEN ALSO IN SUPPORT OF THE CLEAN BUILDING PERFORMANCE STANDARDS. WE ARE ADDING AN ENERGY MANAGER TO HELP MANAGE COMPLIANCE THERE WITH THIS NEW REGULATION. AND THEN ASSET MANAGEMENT, ADDING RESOURCES IN OUR MAINTENANCE DEPARTMENT, ACTUALLY MECHANIC IN THE FIRE DEPARTMENT AND OTHER SPECIALIST POSITIONS AS WELL. AND THEN FINALLY CATCHING UP IN A NUMBER OF AREAS FOR JUST WORKLOAD, OPERATIONAL EFFICIENCY AND ORGANIZATIONAL EFFECTIVENESS. SOMETIMES JUST ADDING THE EXTRA RESOURCE HERE AND THERE IS WHAT'S KEY TO HAVING A SUCCESSFUL ORGANIZATION. NEXT SLIDE, PLEASE. AND BY WAY OF RECONCILING WITH THE FROZEN POSITIONS, FROM 2020, WE ORIGINALLY FROZE 102 POSITIONS. AND WITH THIS YEAR'S BUDGET, WE WILL BE ELIMINATING ALMOST 48 POSITIONS. 47.7. AND PROPOSING FOR APPROVAL 51. ONLY THREE OF THOSE THIS YEAR. SO I GUESS THE STORY HERE IS WE HAVE BEEN VERY THOUGHTFUL AS WE LOOK TO BRING BACK THESE FTES, AND MOST 48 OF THEM HAVE BEEN ELIMINATED. AND SO WE'VE OBVIOUSLY BROUGHT BACK MORE FTES OVER THE LAST COUPLE OF YEARS, BUT IN MANY CASES THEY'VE BEEN NEW POSITIONS, SO WE'VE BEEN ADAPTING TO THE CHANGING ENVIRONMENT. NEXT SLIDE, PLEASE. ALL RIGHT, SOME NUMBERS. WHAT WE'RE LOOKING AT HERE IS TOTAL AIRPORT EXPENSES. THE TOP HALF IS THE AIRPORT DIRECT COST. THE BOTTOM HALF BRINGS IN THE COSTS FROM THE OTHER DIVISIONS. AND FOCUSING YOU ON THE RIGHT COLUMN, YOU CAN SEE WHERE WE'RE SEEING THE BIGGEST GROWTH. IT'S PAYROLL. NO SURPRISE THERE. TOTAL AIRPORT DIRECT COST GOING UP OVER 14%. AND WHEN YOU ADD IN AIRLINE REALIGNMENT AND THE ENVIRONMENTAL REMEDIATION LIABILITY COSTS, BASICALLY

ASBESTOS REMOVAL, THE TOTAL AIRPORT DIRECT COST WOULD BE UP 16%. THEN WITH THE CENTRAL SERVICES COSTS, WHICH YOU HEARD PRESENTED A COUPLE OF WEEKS AGO, COMING IN AT ALMOST 15%, THE TOTAL AIRPORT COSTS ARE GOING UP ALMOST 16%. SO BIG COST INCREASE. NEXT SLIDE, PLEASE. AND NOW WE TIE THOSE EXPENSES TO THE REVENUES AND WE LOOK AT THE TOTAL RESULTS. SO AGAIN, THE STRONG REVENUE GROWTH, WE'RE GOING TO EXCEED 800 MILLION IN REVENUES, UP 27%, AND THE COST GOING UP ALMOST 16%. AND STRONG NET OPERATING INCOME. WE'RE SHOWING HERE THE USE OF THE FEDERAL RELIEF DOLLARS, AND HOW FOR 2023, WE EXPECT TO HAVE ABOUT \$10 MILLION LEFT. BUT WE'VE DONE A GOOD JOB OF WEATHERING THE STORM, SO TO SPEAK, WITH THIS PANDEMIC, AND WE'RE COMING OUT OF IT IN GOOD SHAPE. LANCE TALKED A LITTLE BIT ABOUT THE IMPORTANCE OF CASH BALANCE, AND YOU CAN SEE HOW WE'VE STRATEGICALLY BEEN INCREASING THE LEVEL OF OUR CASH AS WELL AS THE MEASURE WE USE, WHICH IS THE MONTHS OF OUR OPERATING AND MAINTENANCE COSTS. SO FOR NEXT YEAR, WE'D BE UP TO 15 MONTHS. THE LINE ABOVE THAT IS DEBT SERVICE COVERAGE. THAT'S A CRITICAL MEASURE OF OUR ABILITY TO PAY OUR DEBT, AND IT IS DECLINING AS EXPECTED, BUT IT'S STILL VERY STRONG. LET'S GO ON TO THE NEXT SLIDE, PLEASE. THIS SHOWS THE RECOVERY OF SOME OF OUR NONAERONAUTICAL BUSINESSES. IN THE RED AT THE TOP IS PUBLIC PARKING, WHICH HAS REALLY BEEN OUR STRONGEST BUSINESS UNIT. GROUND TRANSPORTATION, RENTAL CAR, AIRPORT DINING AND RETAIL OR ADR. THE CLUBS AND LOUNGES HAVE BEEN LAGGING A LITTLE BIT, BUT IT'S COMING BACK THIS YEAR. BUT OVERALL, YOU CAN SEE THE BLACK LINE IS PASSENGERS. SO MOST OF OUR BUSINESSES ARE ABOVE THAT, MEANING GROWING MORE THAN THE PASSENGER LEVEL. NEXT SLIDE, PLEASE. AND THIS SUMMARIZES IN DOLLARS, SOME OF OUR NONERONAUTICAL BUSINESSES WITH PUBLIC PARKING AT THE TOP. AND YOU CAN SEE THAT WE ARE ANTICIPATING TO SEE OVER \$100 MILLION IN REVENUE FOR PUBLIC PARKING. RENTAL CARS, SLIGHTLY DOWN FROM OUR FORECAST THIS YEAR. AND THAT'S JUST BECAUSE MOST OF OUR REVENUES FROM THE CONCESSION FEE AND BECAUSE OF THE LIMITED SUPPLY OF RENTAL CAR COMPANIES, THEY'VE ACTUALLY BEEN ABLE TO CHARGE SOME PRETTY HIGH RATES AND WE GET A CONCESSION FEE ON THAT. SO THERE IS A VOLUME INCREASE, IT'S JUST THAT OUR REVENUES WOULD BE DOWN SLIGHTLY. AND A GOOD RECOVERY OF GROUND TRANSPORTATION, AIRPORT DINING AND

RETAIL WILL BENEFIT FROM HAVING ALL THE UNITS IN THE NORTH SATELLITE OPEN FOR A FULL YEAR, HAVING THE SALTY'S RESTAURANT AND THE MAIN TERMINAL OPEN. SO WE'LL HAVE SOME EXCITING OPPORTUNITIES THERE FOR OUR CUSTOMERS AND FOR US. THE REVENUE UPSIDE OVERALL COMING DOWN TO THE BOTTOM. BOTTOM LINE, WE ARE INCREASING OUR CASH FLOW, WHICH IS KEY. WE'RE NOW ANTICIPATING TO BE ABOVE THE 2019 LEVEL FOR 2023, WHICH IS REALLY IMPORTANT. SO, GOOD RECOVERY HERE. NEXT SLIDE, PLEASE. ON THE AERONAUTICAL SIDE, AS I SAID BEFORE, IT'S A 110,000,000 REVENUE INCREASE, WHICH IS A COST INCREASE FOR THE AIRLINES. AND SO WHEN WE TALK TO THEM AND WE'LL BE SHOWING THEM THIS SLIDE AS WELL, THEY'LL SEE UP TOP THAT THE O AND M COSTS ARE UP 47 MILLION, BUT WE'RE NO LONGER OFFSETTING ANY OF THOSE COSTS WITH FEDERAL RELIEF GRANTS. SO THE NET COSTS ARE ACTUALLY UP ALMOST 60 MILLION. A SIMILAR STORY ON DEBT SERVICE, THE GROSS DEBT SERVICE OR DEBT SERVICE BEFORE OFFSETS IS RELATIVELY FLAT. BUT WHAT WE'RE SEEING, THE BIGGEST INCREASE IS THAT WE DON'T HAVE THE FEDERAL RELIEF DOLLARS TO OFFSET DEBT SERVICE. SO, SIGNIFICANT INCREASE IN DEBT SERVICE, O AND M COSTS. SO THIS IS THE, AS WE SAID BEFORE, THE DAY OF RECKONING WITH THE AIRLINES, WHEN THE FEDERAL RELIEF GOES AWAY, WE HAVE TO PAY FOR THE FULL COSTS OF THE FACILITIES AND THOSE WILL BE CHARGED TO THE AIRLINES THROUGH RATES AND CHARGES. LET'S GO TO THE NEXT SLIDE PLEASE. AND THIS SHOWS WHAT HAPPENS AT THE BUSINESS UNIT LEVEL AND THESE REVENUES ARE NET OF THE FEDERAL RELIEF GRANTS FOR THE PRIOR YEARS, WHICH IS WHY THE GROWTH RATES ARE SO HIGH. SO YOU SEE SIGNIFICANT GROWTH RATES OFF TO THE RIGHT FOR AIRFIELD MOVEMENT AREA, WHICH IS WHERE WE CHARGE LANDING FEES, THE APRON AREA AND THE TERMINAL RENTS AND IN PARTICULAR THE FEDERAL INSPECTION SERVICES. THIS IS THE NEW INTERNATIONAL ARRIVALS FACILITY, THE DEBT SERVICE. THE ADDITIONAL OPERATING COSTS, WE ARE STILL USING SIGNIFICANT PORTION OF PFCS TO OFFSET THOSE COSTS, BUT THEY ARE RISING SIGNIFICANTLY. SO, BOTTOM LINE, A SIGNIFICANT INCREASE IN AERONAUTICAL REVENUES AND COSTS. NEXT SLIDE, PLEASE. SO, I WANTED TO TOUCH ON SOME OF THE UNCERTAINTIES AND WE'VE MENTIONED THE HIGH INFLATION RISK OF RECESSION MULTIPLE TIMES, BUT THAT IS OUT THERE AND IT IS REAL. THE AIRLINE RECOVERY, THERE HAS TO STILL BE UNCERTAINTY THERE. THERE APPEARS TO BE STRONG DEMAND,

BUT THE RISK OF RECESSION, HIGHER INTEREST RATES COULD HAVE AN IMPACT ON DEMAND AS WELL. SO WE PRESENT IT AS IF IT'S A FIXED NUMBER AND WE WILL ACHIEVE THOSE GROWTH RATES. BUT I JUST WANT TO REMIND YOU ALL THAT THERE'S QUITE A BIT OF UNCERTAINTY. OUR BUDGET ITSELF, JUST FROM THE WAY WE GO ABOUT IT. WE INCORPORATE A LOT OF TOOLS THAT ARE REALLY BUDGETARY TOOLS TO MANAGE OUR OVERALL COSTS. AND ONE OF THEM IS A PAYROLL VACANCY RATE. SO 5% OF OUR PAYROLL COSTS ARE EXCLUDED FROM THE BUDGET BECAUSE WE ASSUME WE'LL ALWAYS HAVE A CERTAIN NUMBER OF VACANCIES. THE OTHER THING WE ALWAYS PLAN FOR AND ARE ALWAYS READY FOR IS SNOW EVENTS. BUT WE TYPICALLY DON'T BUDGET FOR THE EXTRA COSTS WE WOULD INCUR FOR MAJOR SNOW EVENTS. SO EVERY YEAR WE WILL ALWAYS MEET THE NEEDS OF THE AIRPORT. BUT IT'S A BUDGETING TOOL THAT WE EXCLUDE THOSE. SAME THING WITH POTENTIAL NEW AIR SERVICE INCENTIVES. WE HAVE A PRETTY STRONG RECORD OF BRINGING IN NEW CUSTOMERS EACH YEAR, BUT WE DON'T BUDGET AS IF WE DO. WE BUDGET FOR THE KNOWN COMMITMENTS, CUSTOMS AND BORDER PATROL REIMBURSABLE SERVICES. THAT'S SOMETHING IF WE NEED IT. WE WILL FIND SOME SAVINGS DURING THE YEAR TO BE ABLE TO SUPPORT THAT. AND ANOTHER ITEM IS THE PFAS OR THE CHEMICALS USED IN THE FIREFIGHTING FOAM. THERE'S SOME PENDING REGULATIONS THERE. IF THEY GO THROUGH NEXT YEAR, WE WILL LIKELY INCUR SOME ADDITIONAL COSTS, BUT WE HAVE NOT BUDGETED FOR THOSE. BUT REST ASSURED WE WOULD COMPLY WITH THE RULES IF THEY ARE GOING TO EFFECT. NEXT SLIDE, PLEASE. SO, THIS IS THE VISUAL VIEW OF THE FEDERAL RELIEF AND YOU CAN SEE HOW EXTENSIVELY WE'VE USED THE THREE FEDERAL RELIEF PROGRAMS OVER THE LAST THREE YEARS AND WE HAVE ABOUT \$10 MILLION LEFT. AND SO LIFE LAST YEAR AS WE GET TOWARDS THE END OF THE YEAR AND WE'RE LOOKING AT OUR COSTS AND WE ARE LOOKING AT WHERE WE ARE WITH ACHIEVING SOME OF OUR KEY OBJECTIVES, IT'S POSSIBLE THAT WE WOULD SLIDE SOME MONEY INTO 2023 TO GIVE US MORE FLEXIBILITY IF WE FEEL THAT'S ALLOWABLE. OKAY, THE NEXT SLIDE IS A LOT OF NUMBERS, BUT I REALLY WANT TO FOCUS ON THE VERY BOTTOM, BOTTOM LINE. THIS IS THE DEBT SERVICE COVERAGE THAT I TALKED ABOUT EARLIER. IT'S STILL BY HISTORICAL STANDARDS VERY STRONG AT 1.91 FOR 2023, BUT IT IS A DROP. AND THE WAY THE CALCULATION FOR THE AIRPORT WORKS, THE FEDERAL RELIEF PLANTS THAT WE USE TO PAY DEBT SERVICE REALLY JACKS UP THE

DEBT SERVICE COVERAGE. SO THAT'S GOING AWAY AND WE WILL SEE THAT WHEN YOU SEE THE FORECAST DEBT SERVICE COVERAGE WILL BE GOING DOWN IN FUTURE YEARS. NEXT SLIDE, PLEASE. SO NOW I'D LIKE TO TOUCH ON A FEW OF THE ITEMS THAT WE CAME UP WITH IN TERMS OF EQUITY AND BUDGETING. LIKE THE OTHER DIVISIONS, EVERY DEPARTMENT AT THE PORT WENT THROUGH A PROCESS TO ASSESS EQUITY AND BUDGETING. AND WE'VE COME UP WITH THIS, AS I'LL SAY, A BRIEF SUMMARY OF MANY, MANY DEPARTMENT INPUT AND THERE WILL BE A MORE COMPREHENSIVE SUMMARY OF THIS THAT WILL COME TO YOU VIA THE CHANGE TEAM. BUT FIRST OF ALL, AT THE AIRPORT, AS YOU'VE SEEN BEFORE, WE ARE VERY GOOD AT SPENDING MONEY AND WE SPEND A LOT OF IT. AND MOST OF OUR BIGGEST COST IS PAYROLL. SO IT'S NO SURPRISE THAT WHEN WE LOOK AT HOW WE ARE APPLYING EQUITY, DIVERSITY AND INCLUSION, THAT THE HIRING PROCESS IS FOREMOST BECAUSE THAT'S HOW WE BRING NEW PEOPLE INTO THE ORGANIZATION AND TRAINING IS KEY. THAT'S HOW WE SUPPLEMENT OUR STUFF. YOU'RE GOING TO SEE THAT COMING THROUGH MULTIPLE TIMES. AND THEN HOW WE SPEND MONEY ON CONTRACTED SERVICES LOOKING AND PURCHASES, LOOKING AT HOW WE CAN ENHANCE WMBE SPENDING. THAT'S A BIG PART OF OUR RESPONSE HERE. THEN THE OTHER THING, THE TRAVEL AND TRAINING, IT COMES UP AS AN EQUITY REALLY MORE FOR STAFF LOOKING AT WHO IS TAKING ADVANTAGE OF THOSE TRAINING DOLLARS WITHIN VARIOUS DEPARTMENTS AND MAKING SURE THAT IT REALLY IS SPREAD OUT IN AN EQUITABLE WAY. AND THAT CAME THROUGH FROM MULTIPLE DEPARTMENTS. NEXT SLIDE, PLEASE. SO IN TERMS OF THE AREAS WHERE MONEY HAS BEEN REDIRECTED, SO AT THE TOP OF THE LIST WAS THE TRAINING BUDGETS. AND IN SOME CASES, DEPARTMENTS REALLY HAVE RETHOUGHT HOW THEY DISTRIBUTE THAT MONEY. I THINK IN MANY DEPARTMENTS YOU COULD LOOK AT THE HIGHER LEVEL STAFF AS HAVING HISTORICALLY DONE A LOT OF THE TRAVEL AND TRAINING AND PARTICIPATING IN SEMINARS. AND I THINK MANY DEPARTMENTS ARE TRYING TO SPREAD THAT OUT MORE EQUITABLY. AND CERTAINLY PASSENGER SERVICE AT THE AIRPORT, LOOKING TO ENHANCE EQUITY THERE THROUGH TRANSLATION SERVICES AND THE SPOT SAVER PROGRAM. IT'S FREE, ANYONE CAN USE IT. YOU DON'T HAVE TO BE AN ELITE TRAVELER TO GET SPECIAL TREATMENT. THEN YOU CAN SEE THINGS LIKE THE ART PROGRAM AND AGAIN, THE FOCUS ON HIRING AND DEVELOPMENT AS WELL. NEXT SLIDE, PLEASE. OKAY,

OTHER AREAS THAT,
AGAIN, CUSTOMER SERVICE STANDS OUT IN
TERMS OF HOW WE TREAT PEOPLE EVERY DAY
AS THEY COME THROUGH THE AIRPORT.
AGAIN, THE AIRPORT'S ROLE WITH WMBE AND
DBE AND SMALL BUSINESS ENTERPRISE GOALS
AND THE ART PROGRAM TOO. NEXT SLIDE,
PLEASE. OKAY,
YOU CAN SEE WE'RE PRETTY CONSISTENT WITH
THE THEMES THAT COME UP. HIRING,
TRAINING ARE KEY,
AND I THINK SPECIFICALLY MORE
DEVELOPMENT OPPORTUNITIES AND MORE EDI
TRAINING. AND SO WE'LL UNDOUBTEDLY SEE
MORE OF THAT NEXT YEAR. NEXT SLIDE,
PLEASE. AND THEN SOME
OF THE AREAS WHERE WE HAVE THE
OUTWARD FOCUS OF EQUITY, YOU CAN SEE
THROUGH, PARTICULARLY THE ADR PROGRAM
AND THE IMPACT THAT HAS THROUGH THE
AIRPORT, THE CONCESSIONS, DISABLED
BUSINESS ENTERPRISE. WE'VE HISTORICALLY
HAD SOME VERY HIGH GOALS OVER 20%, AND
OBVIOUSLY WHAT'S LISTED HERE IS A NEW
CONTRACT AT 40%.
NEXT SLIDE, PLEASE. OKAY,
UNLESS THERE ARE QUESTIONS, I'M GOING TO
TURN THIS OVER TO KERRY STEVENS AT THIS
POINT. TAKE SOME TIME TO DO QUESTIONS
AND THEN GO TO THE NEXT ONE.
FIRST OF ALL, CAN EVERYBODY IN THE ROOM
HEAR ME? YEAH, ONE SEC. WE'RE GOING TO
TAKE A COUPLE OF QUESTIONS FROM
COMMISSIONERS. CAN YOU HEAR ME OKAY?
YEAH, I CAN HEAR YOU. GREAT. OKAY. ALL
RIGHT. ANY COMMISSIONER QUESTIONS FOR
BORGAN? I DO WANT TO SAY ONE THING.
BORGAN, THANK YOU FOR 30 YEARS OF
SERVICE. I THINK IT WAS IN AUGUST THAT
YOU COMPLETED 30 YEARS. SO AMAZING.
THANK YOU FOR YOUR PUBLIC SERVICE. ANY
QUESTIONS FROM COMMISSIONERS?
ANYTHING URGENT ON THIS?
FIRST OF ALL, THANK YOU SO MUCH FOR THIS
PRESENTATION. I REALLY APPRECIATE ALL
THE HARD WORK THAT THE AVIATION TEAM IS
DOING FROM LANCE TO FOLKS WHO ARE WORKING
IN THE BUDGETING OFFICE. I KNOW YOU GUYS
OPERATIONS IS ONE THAT IS EXTREMELY HARD
AND YOU ALL DO SUCH AN AMAZING JOB ON
BEHALF OF OUR COMMUNITY. AND AGAIN,
CONGRATULATIONS ON THE RECOGNITION FOR
THE BEST AIRPORT. THAT SAID, I HAVE A
COUPLE OF QUESTIONS. MAYBE I CAN START
WITH SLIDE 14.
SO WITH SLIDE 14, YOU TALKED ABOUT JUST
THE PASSENGER RECOVERY FORECAST.
AND I'M JUST WONDERING, WITH THE
FORECAST LOOKING BETTER AND GOING UP AND
CONSIDERING SOME OF THE LABOR SHORTAGE
ISSUES THAT WE ARE SEEING IN THE
WORKFORCE, IS THERE DOLLARS THAT ARE
BEING ACCOUNTED FOR, OR IN PARTNERSHIP

WITH THE AIRLINES TO ADDRESS SOME OF THESE, LIKE, INCREASES AS WE SEE MORE LABOR SHORTAGE AT THE PORT AND THEN THE PASSENGER NUMBERS GOING UP? WELL, IF BY THAT YOU MEAN WE STILL HAVE A BIG INVESTMENT THAT GOES TO THE AIRPORT EMPLOYMENT CENTER. AND THAT'S ONE OF THE THINGS THAT BOTH AIRLINES AND OTHER TENANTS AT THE AIRPORT USE TO HELP THEM IN THEIR HIRING PROCESS. SO THAT MONEY IS STILL IN THE BUDGET. OKAY, GREAT. THAT IS HELPFUL. AND THEN THE OTHER QUESTION THAT I HAD WAS ON PAGE 31 REGARDING SNOW EVENT BUDGETS. AGAIN, I'M THINKING ABOUT OUR WORKFORCE AND CONSIDERING THE CHANGES THAT WE ARE SEEING. WHEN YOU GUYS ARE BUDGETING FOR SNOW EVENTS, DO YOU GUYS HAVE CERTAIN FUNDS THAT YOU'RE THINKING ABOUT IN PARTNERSHIP WITH THE AIRLINES? BECAUSE I KNOW THAT IS A CONSTANT STRUGGLE WITH THE AIRLINES DOING THEIR OPERATIONS, WITH ADDRESSING SNOW ISSUES AND THEN OUR OWN AIRPORT OPERATIONS. SO THE COSTS THAT WE BUDGET FOR ARE BASICALLY SNOW REMOVAL COSTS. AND YOU MIGHT ASK, WELL, WHY DON'T WE BUDGET FOR THOSE DIRECTLY? AND OVER TIME, WE'VE KIND OF VIEWED IT AS A CONTINGENCY FUND. AND IF YOU HAVE SNOW EVENTS, OBVIOUSLY YOU NEED TO SPEND THE MONEY. BUT AS I SAID EARLIER, WE ALWAYS PLAN FOR THOSE SNOW EVENTS. WE ARE ALWAYS READY, AND WE WILL ALWAYS SPEND WHAT IT TAKES TO ADDRESS THE SNOW EVENT. BUT WE HAVE FOUND OVER TIME THAT WE ARE TYPICALLY ABLE TO FIND SAVINGS IN OTHER AREAS OF OUR BUDGET TO BE ABLE TO ACCOMMODATE THAT. NOW, THE AIRLINES HAVE THEIR OWN CHALLENGES IN MANAGING SNOW, AND SO THERE IS A LOT OF COORDINATION. I THINK I WOULD PROBABLY WANT TO PUT YOU IN TOUCH WITH OUR OPERATIONS TEAM THAT WORKS CLOSELY WITH THEM. IF YOU WANTED MORE INFORMATION ABOUT HOW WE COORDINATE WITH THE AIRLINES ON SNOW EVENTS OR MAYBE LANCE CAN WEIGH IN. YEAH, WE DO. AND I DON'T KNOW IF IT'S ON THE CALL, BUT YES, WE DO A LOT OF COORDINATION WITH THE AIRLINES AND PLAN FOR THE EVENTUALITY THAT WE MAY OR MAY NOT HAVE A SNOW EVENT. IT DOES NOT IMPACT THE BUDGET PROCESS THAT WE ARE. WHETHER WE USE CONTINGENCY IF WE HAVE A SNOW EVENT OR WHETHER WE BUDGET A LINE ITEM FOR IT, WE STILL DO THE COORDINATION AND THE PLANNING INTERNALLY AND WITH OUR STAKEHOLDERS AT THE AIRPORT NONETHELESS. GREAT. AND THEN THANK YOU, LANCE. DIRECTOR LITTLE, I APPRECIATE THAT ANSWER. I JUST THOUGHT I WAS ASKING THAT QUESTION IN LIGHT OF THE CHANGES THAT ARE HAPPENING AND US

THINKING INNOVATIVELY ABOUT THAT, CONSIDERING THE SORT OF CHALLENGES THAT WE'RE SEEING WITH THE INCREASE OF PASSENGERS AND WHAT WE CAN EXPECT. BUT I DO APPRECIATE THAT ANSWER. JUST TO CLARIFY, YOU WERE TALKING ABOUT THERE'S DIFFERENT RESPONSIBILITIES FOR AVIATION, FOR THE AIRPORT AND THEN FOR THE CARRIERS. AND SO I GUESS THAT'S YOUR POINT. JUST TO CLARIFY THAT'S WHAT YOU'RE LOOKING AT, RIGHT? AND HOW THAT COORDINATION GOES TOGETHER WITH INCREASED PASSENGERS IN THE IMPACTS OF AN EVENT. THAT'S CORRECT. YES. THANK YOU. AND THEN I THINK IT WOULD BE HELPFUL FOR JUST THE PUBLIC TO HEAR WHEN YOU GUYS ARE WORKING ON CONSTRUCTION PROJECTS, THEY'RE IN AN ACTIVE AIRPORT. I IMAGINE THERE ARE OBVIOUSLY HIGHER EXPENSES THAT YOU SEE ON THE AIRPORT SIDE THAN YOU WOULD SEE ON THE MARITIME SIDE. MAYBE IF YOU COULD EXPLAIN THE OTHER FACTORS THAT ARE INCLUDED THERE, WHETHER THAT IS LIKE FAA REGULATIONS THAT YOU GUYS ARE CONSIDERING. BUT WHAT OTHER FACTORS IMPACT THE HIGH COST OF THE CONSTRUCTION THAT ARE HAPPENING WITH AIRPORT PROJECTS OR CAPITAL PROJECTS? I'LL TELL YOU WHAT, I'LL START AND THEN EITHER KERRY OR LANCE, CAN JUMP IN. BUT ONE OF THE THINGS YOU HAVE AT AN AIRPORT IS A VERY FINITE FOOTPRINT. WE ARE A RELATIVELY SMALL AIRPORT COMPARED TO THE OTHER LARGE HUBS IN THE COUNTRY. AND WHEN WE'RE DOING MAJOR CONSTRUCTION HERE, WE'RE ALSO DOING CONSTRUCTION ON A FACILITY THAT'S EFFECTIVELY OPEN TWENTY FOUR SEVEN. AND YES, THERE'S A BIG REDUCTION IN TRAFFIC OVERNIGHT, BUT THAT DOESN'T LEAVE MANY HOURS OF UNCOMPLICATED CONSTRUCTION. THE OTHER FACTOR IS THAT MUCH OF THE WORK IS DONE BEHIND SECURITY. SO THERE'S A WHOLE LAYER OF SECURITY THAT'S IMPOSED UPON ALL THE CONTRACTORS DOING BUSINESS AT THE AIRPORT. AND IT'S A VERY COMPLEX ENVIRONMENT. AND TO STAGE IN A CONFINED SPACE WITH ALL THESE ADDITIONAL REGULATIONS AND WITH LOTS OF PASSENGERS, THERE'S JUST A LOT OF MITIGATION. IT'S A CHALLENGING ENVIRONMENT TO BUILD ANYTHING. AND I'LL LET CARRIE OR LANCE LET ME JUMP IN HERE AND THEN HAND OVER TO KERRY TO MAYBE ADD SOMEWHERE. SO IN ADDITION TO WHAT BORGEN SAID, BECAUSE OF THE RULES AND REGULATIONS OF THE AIRPORT, THERE'S TYPICALLY THE TRADITIONAL ADDITIONAL COSTS ASSOCIATED WITH THE CONSTRUCTION OF THE AIRPORT, WHERE THAT'S TO GO THROUGH THE BUDGING PROCESS, TO DO

BACKGROUND CHECK, ET CETERA. THAT ADDS TO THE COST. BUT IN ADDITION, SINCE THE PANDEMIC, WE NOW HAVE EVEN ADDITIONAL FACTORS THAT WE HAVE TO CONSIDER. SUPPLY CHAIN, FOR EXAMPLE, THE TIME IT TAKES TO SOURCE THINGS COMING INTO THE AIRPORT RIGHT NOW, THAT ADDS TO THE COST BECAUSE IT ACTUALLY ADDS TO THE SCHEDULE. AND THEN OF COURSE, THERE'S LABOR COSTS, RIGHT, BECAUSE OF THE LACK OF LABOR RESOURCES THAT ARE AVAILABLE. SO THERE'S ADDITIONAL COST ASSOCIATED THERE AND THEN THERE'S INFLATION. SO WE DID SOME BUDGETING FOR CERTAIN PROJECTS MAYBE TWO YEARS AGO. THAT HAS TOTALLY CHANGED SINCE THE PANDEMIC. SO INFLATION IS ANOTHER MAJOR FACTOR AS WELL. AND KERI, IF YOU WANT TO ADD THAT ALSO, I GUESS YOU GUYS HAVE COVERED MOST OF IT. THE OTHER THING THAT I WOULD SAY IS SORT OF WITH THE DEMAND LEVELS IN THE AIRPORT, WE'VE LOST THAT ABILITY TO HAVE THAT EMPTY CHAIR SO THAT WE'RE ABLE TO MOVE OPERATIONS AROUND AND DO CONSTRUCTION. WE NOW HAVE TO BE MORE SORT OF IN THE MIDDLE OF OPERATIONS. SO THAT KIND OF SHRINKS THE AMOUNT OF SPACE THAT YOU HAVE TO DO SOME OF THE CONSTRUCTION. IT ALSO CREATES REMOBALIZATIONS THAT WE HAVE TO DO, AS LANCE SAID, THE LABOR PREMIUMS FOR WORKING OFF HOURS FOR A LOT OF THE TIME TO KEEP OUT OF OPERATIONAL IMPACTS AND THEN JUST ADDITIONAL PHASING LENGTHENING TIMES WILL ACTUALLY EXTEND OUR GENERAL CONDITIONS. SO A LOT OF THINGS THAT WILL START TO ADD UP AND COST US MORE. THAT'S REALLY HELPFUL. I THINK THAT'S IMPORTANT FOR THE PUBLIC, ESPECIALLY CONSIDERING HOW EXPENSIVE THOSE CONSTRUCTION PROJECTS ARE. AND SOMETIMES YOU DON'T REALIZE THAT THERE'S FAA REGULATIONS, THERE ARE BUDGETING REQUIREMENTS. AND SO I JUST APPRECIATE YOU GUYS SHARING THAT INFORMATION. THE LAST THING I'LL SAY IS I ALSO APPRECIATE THE THOUGHTFULNESS THAT HAS GONE INTO THE BUDGET EQUITY CONSIDERATIONS THAT IS INCLUDED IN THIS. AND I KNOW THAT YOU'VE SAID THERE ARE MORE INFORMATION THAT WILL COME TO THE COMMISSION. I ALSO JUST WOULD LIKE TO SAY I AM THINKING, AND I KNOW OTHER COMMISSIONERS ARE THINKING ABOUT THIS, EXPLORING THE POSSIBILITY OF A POLICY OR COMMISSION ORDER AROUND SETTING ASIDE FUNDS FOR EQUITY INITIATIVES ON BOTH THE AVIATION AND MARITIME SIDE, WHETHER THAT IS A 1% OR 2% FUND SIMILAR TO THE WAY THAT WE SEE IN ART FUNDINGS THAT ARE SET ASIDE. AND I KNOW THAT THERE'S ALREADY A LOT OF GREAT WORK THAT'S HAPPENING. I APPRECIATE THE ADD ON

POSITION FOR THE AIRPORT NOISE COORDINATOR. I IMAGINE THAT PERSON WILL BE DOING A LOT OF WORK WITH THE SOUND INSTALLATION PROGRAM AND THE 150 STUDY. AND SO THERE'S A LOT OF THOSE INVESTMENTS ALREADY BEING MADE AND BEING ABLE TO CAPTURE THAT AND COMMUNICATE THAT TO THE PUBLIC TO ME IS REALLY IMPORTANT. AND SO BEING EVEN MORE INTENTIONAL ABOUT THAT IS SOMETHING THAT I WOULD LIKE TO SEE HAPPEN IN THE FUTURE. THAT CONCLUDES MY QUESTIONS AND COMMENTS. COMMISSIONER HASEGAWA. OKAY, THANK YOU.

THAT WAS AN EXCITING PRESENTATION. SO WIGS AND PIGS, IS THAT NEW? ACTUALLY, WE'VE HAD THAT IN OUR BUDGET FOR A FEW YEARS. OH, OKAY. WELL, I APPRECIATE IT BECAUSE IT REALLY LAYS OUT IN A WAY, THIS PIECE OF YOUR PRESENTATION ABOUT HOW STAFF AND THE PORT OF SEATTLE IS THINKING ABOUT THEIR PRIORITIES. AND SO I REALLY LOOK FORWARD TO LATER ON IN THE PRESENTATION. I THINK IT BEGINS AT PAGE 76 ABOUT EXACTLY WHAT SOME OF THOSE ASKS ARE AND HOW THEY RELATE TO THESE DIFFERENT POCKETS. I ALSO JUST WANT TO EXPRESS MY ENTHUSIASM AND APPRECIATION FOR THE INCORPORATION OF \$100,000 INTO DOING A CHILD CARE STUDY AT OR NEAR SEATAC AIRPORT. I THINK IT'S ONE REALLY IMPORTANT STEP TOWARDS SUPPORTING AN ECOSYSTEM THAT ALLOWS FOR WORKERS TO BE ABLE TO FEEL LIKE THEY CAN BE AT AND RETAIN THEIR EMPLOYMENT AT SEATAC AIRPORT. SO I JUST REALLY WANT TO LIFT THAT UP AND SAY THANK YOU, AND THAT'S SO EXCITING. I AM WONDERING IN MY CONVERSATIONS WITH STAFF, I KNOW THAT IT'S IN THE WORKS. WE'RE LOOKING FOR WAYS THAT WE CAN MAKE SURE THAT MENSTRUATION PRODUCTS ARE FREE TO EMPLOYEES AND MEMBERS OF THE PUBLIC WHO ARE AT PORT FACILITIES. I KNOW THAT THIS ASK EXTENDS BEYOND SEATAC AIRPORT AND AIRPORT OPERATIONS EXCLUSIVELY, BUT I'M WONDERING, SINCE SEATAC IS ONE OF THE HARDER NUTS TO CRACK, WHERE IN THIS BUDGET FUNDS TOWARDS THOSE EFFORTS LIVE? GOOD QUESTION. LANCE, DO YOU HAVE ANY INSIGHTS? WHICH ONE IS THAT? MENSTRATION PRODUCTS. I THINK DON WAS WORKING WITH THE COMMISSION OFFICE TO ACTUALLY DO AN ANALYSIS, AND I'M NOT SURE WHERE THAT'S CAPTURED IN TERMS OF ONLINE ITEM WITHIN THE BUDGET. IF DON IS NOT ONLINE COMMISSIONER, I'LL HAVE TO GET BACK TO YOU ON THAT ONE. THAT'S OKAY. I SEE A HAND UP. I'M NOT SURE WHOSE IT IS. TONY MIGHT HAVE THE ANSWER. SORRY. YEAH, THAT IS WITH ME. COMMISSIONER.

YES. TONY VAN, DEPUTY CHIEF OF STAFF.
AS MENTIONED IN THE COMMISSION BUDGET
RESPONSES THAT WE SENT OUT, WE CURRENTLY
ARE ABOUT TO INITIATE THE ACQUISITION
PLANNING PROCESS. WE'RE UNABLE TO PUT A
LINE ITEM WITHOUT KNOWING HOW MUCH IT'S
GOING TO ACTUALLY COST. SO ONCE WE GET
THAT PROCESS UNDERWAY WITH CPO AND
UNDERSTAND JUST WHICH FACILITIES WE WANT
TO TARGET FOR A PHASED APPROACH, WE'LL
BEGIN TO INCORPORATE THAT INTO OUR
PLANNING. SO WORK IS STILL UNDERWAY FOR
THAT, BUT STEVE HAS MADE IT CLEAR THAT
THIS IS SOMETHING THAT WE WILL WORK ON
AND TRY TO FIND A SOLUTION FOR. THANK
YOU SO MUCH FOR THAT. I'M ALSO PLEASED
TO SEE \$100,000 TOWARDS CONTINUED ANTI
TRAFFICKING TRAINING. I KNOW THAT A LOT
OF THAT TRAINING IS IN THE CONTEXT OF
SEXUAL EXPLOITATION AND SEX TRAFFICKING,
INCLUDING OF MINORS. I'D LIKE TO
ACKNOWLEDGE THAT THERE ARE MULTIPLE
KINDS OF TRAFFICKING, INCLUDING DRUG
TRAFFICKING, ARM TRAFFICKING, AND THE
EXPLOITATION OF HUMAN LABOR, WHICH WE
TERMED AS LABOR TRAFFICKING. THE PORT OF
SEATTLE DRUG INTERDICTION UNIT HAS A
FORFEITURE FUND, AND THIS IS A REALLY
SPECIAL POT OF MONEY BECAUSE IT'S
SUPPOSED TO GO TOWARDS COMBATING DRUGS
SPECIFICALLY. AND THIS HAS FUNDS TO THE
TUNE OF \$4 MILLION. AND THE PORT OF
SEATTLE POLICE DO THE GOOD WORK OF
INTERCEPTING DRUGS AND GUNS EVERY SINGLE
DAY. AND I REALLY DO BELIEVE THAT THE
HIGHEST USE OF THIS FUND IS REINVESTING
THAT MONEY SEIZED FROM ILLEGAL
OPERATIONS BACK DIRECTLY INTO COMBATING
THOSE UNDERGROUND ECONOMIES. AND SO I'VE
ASKED STAFF TO GET CREATIVE ON HOW WE
CAN REALLY MAKE SURE THAT WE ARE PUSHING
THE LIMITS OF THIS FUND SO THAT WE ARE
USING THESE UNDERGROUND ECONOMIES'
ARSENAL AGAINST THEM. AND AGAIN, THAT
WOULD GO DIRECTLY BACK INTO THE PORT OF
SEATTLE POLICE OPERATIONS THAT ARE DOING
THIS GOOD WORK EVERY SINGLE DAY.
SO I JUST WANTED TO ASK
THE EXECUTIVE DIRECTOR HOW THEY'RE
THINKING ABOUT THESE EFFORTS OR THE USE
OF THIS FUND IN YOUR CONVERSATIONS.
I KNOW, COMMISSIONER, THAT JUST CAME UP
IN OUR CONVERSATIONS AND LOOK AT THAT.
AND I KNOW TALKING WITH LEGAL, WE'RE
DOING THAT ANALYSIS TO LOOK AT THAT. AS
SHE SAID, HOW DO WE USE IT TO DO THE
PURPOSES THAT THEY ARE AUTHORIZED FOR,
BUT EXPLORING WHAT ELSE YOU COULD DO
WITH THOSE FUNDS. THANK YOU VERY MUCH,
EXECUTIVE DIRECTOR METRUCK. AND I JUST
LIKE TO ADD THAT IT COULD MEAN GOING
TO THE FEDERAL GOVERNMENT AND ASKING FOR
SOME SORT OF A CHANGE ON THAT LEVEL THAT

INCREASES FLEXIBILITY FOR USE. OR ONE OF THE IDENTIFIED POTENTIAL PURPOSES COULD BE FOR TRAINING. AND SO AS WE HAVE \$100,000 HERE TOWARDS AN EXISTING TRAINING FOR EMPLOYEES, I DO WONDER IF WE COULD EXPAND THAT TO INCLUDE TRAINING FOR OUR OFFICERS OR PORT OF SEATTLE PERSONNEL ON GUNS AND ARMS TRAFFICKING. OR PERHAPS IT COULD BE USED TOWARDS A STUDY TO BE ABLE TO MEASURE OR IDENTIFY THE INCIDENTS OF TRAFFICKING AT THE PORT OF SEATTLE. MY LAST QUESTION IS AROUND COMMUNITY BENEFIT. AND GREENING THE PORT CAN MEAN A LOT OF THINGS, WHETHER IT'S HARDENING OUR ELECTRICAL GRID OR UPDATING OUR EQUIPMENT, BUILDING GREEN BUILDINGS, TRANSITIONING TOWARDS SAPS, OR EVEN COMMUNITY NOISE MITIGATION. I WILL HOLD ANY QUESTIONS AT THIS POINT, BUT I'M INTERESTED TO KNOW HOW THIS BUDGET IS DEMONSTRATING OUR EFFORTS TOWARDS COMMUNITY BEAUTIFICATION, SUPPORTING A THRIVING TREE CANOPY AT PORT PROPERTIES, OR EVEN RESTORATION OF CREEKS OR OTHER MITIGATION REMEDIATION EFFORTS. THANK YOU. THANK YOU, COMMISSIONER FELLEMAN. AND JUST BEFORE WE MOVE ON, JUST TWO QUICK POINTS COMMISSIONER I'D LIKE TO MAKE. I'M NOT SURE IF YOU HEARD IT, BUT BORGAN HAD MENTIONED THAT WE'RE ACTIVELY ACCELERATING THE CHILDCARE STUDY. WE'RE ACTUALLY GOING TO START IT THIS YEAR. WE HAVE MONEY AVAILABLE THIS YEAR, SO WE'RE ACCELERATING IT. WE'RE GOING TO START IT THIS YEAR. ON THE HUMAN TRAFFICKING, WE'RE STRUGGLING A LITTLE BIT IN TERMS OF GETTING THE OUTCOMES THAT WE WANT FOR THE PORT EMPLOYEES. WE HAVE MADE GOOD STRIDES FOR THE REST OF THE AIRPORT. WE'RE STRUGGLING A LITTLE BIT. SO WE'RE TRYING TO COME UP WITH SOME CREATIVE, INNOVATIVE WAY TO GET MORE AND MORE PEOPLE, TRAIN MORE AND MORE PEOPLE IN THE PROGRAM, AND JIM MCCARTHY'S LEADING THAT ON OUR BEHALF. WE MAY AT SOME POINT COME BACK TO THE COMMISSIONER, COME BACK TO STEVE TO MAYBE TRY TO GET SOME POLICIES CHANGED BECAUSE SOMETIMES WE HAVE THE MONEY TO DO STUFF, BUT THERE ARE OTHER THINGS THAT RESTRICT US FROM DOING IT. AND WE WANT TO GET EXTREMELY CREATIVE IN TRYING TO MEET THE GOALS THAT WERE ESTABLISHED FOR ANTI HUMAN TRAFFICKING. I THINK THAT MY LAST QUESTION SO SORRY, EXCUSE ME, IS JUST I APPRECIATE YOUR DEMONSTRATING VIEWS OF FEDERAL RELIEF FUNDS. I WOULD LOVE SOME SORT OF A GLIMPSE INTO HOW WE ARE INCORPORATING AIJA OR IRA FUNDS OR OUR STRATEGY, HOW THAT FACTORS INTO THIS BUDGETING PROCESS. OKAY.

GO AHEAD, COMMISSIONER FELLEMAN.
THANK YOU.
I DON'T NEED EXTENSIVE ANSWERS. I JUST WANT TO RUN THROUGH A COUPLE OF THINGS THAT TRACKING BACKWARDS FROM WHAT MY COLLEAGUES JUST BROUGHT UP REGARDING HUMAN TRAFFICKING. THERE'S A BRAND NEW OFFICE WHERE CENTER FOR FORENSIC SCIENCE AT THE UW AND LOOKING AT WILDLIFE TRAFFICKING. WE JUST PUT UP THE SIGNAGE OVER AT SEA CONCOURSE TO ELEVATE THE PUBLIC ABOUT WHAT NOT TO BUY AND THINGS LIKE THAT. BUT THERE'S ALL SORTS OF GOOD EVIDENCE THAT THE SAME CARTELS THAT TRAFFIC IN WILDLIFE TRAFFICKING, PEOPLE TRAFFICKING, DRUGS, TRAFFICKING, GUNS, AND THERE'S, YOU KNOW, SO THE FORENSIC WORK THAT'S BEING DONE ON ONE IS HELPING WITH THE OTHER. SO TO THE DEGREE THESE FUNDS OR JUST A COLLABORATION WITH THE UW MIGHT BE GREAT. ALSO, OUR FORMER PORT COMMISSIONER, COURTNEY GREGOIRE, THAT'S HER JOB WHERE IT USED TO BE AT MICROSOFT. AND SO MICROSOFT HAS A LARGE PROGRAM THERE THAT WOULD BE, I THINK, A COLLABORATIVE OPPORTUNITY THAT WE COULD WITH TWO MAJOR CENTERS OF EXCELLENCE, THAT WE COULD POTENTIALLY ADVANCE THAT AND IDENTIFY WHAT WOULD BE THE BEST ROLE FOR THE PORT IN THAT REGARD. ACCESSING THOSE FUNDS SOUNDS LIKE IT'S A POTENTIALLY A POLICY QUESTION, BUT WHAT WE DO WITH THE FUNDS WOULD BE THEN THE NEXT QUESTION REGARDING ALL THE EQUITY TRAINING AND THINGS LIKE THAT, WE TALKED ABOUT REDISTRIBUTING FUNDS. IS THERE NEW MONEY ASSOCIATED WITH THAT OR ARE WE PRIORITIZING WHO GETS TO GET THE TRAINING? SO ONE OF THE THINGS THAT YOU MAY REMEMBER DAN HAD MENTIONED LAST TIME IS THAT EVERY DEPARTMENT AT THE PORT HAD THEIR TRAVEL AND TRAINING BUDGETS BROUGHT UP TO 100% OF THE 2020 BUDGET, WHEREAS LAST YEAR THEY WERE AT 75%. SO THERE IS A SIGNIFICANT INCREASE IN THE TRAVEL AND TRAINING BUDGETS THROUGHOUT THE ORGANIZATION. I THINK A PORTION OF THOSE THAT ARE USED FOR EQUITY TRAINING AND HOW MUCH IS DONE SEPARATELY WITHIN DEPARTMENTS VERSUS DONE CENTRALLY, I THINK, IS STILL AN OPEN DISCUSSION. BUT THERE ARE MORE RESOURCES. WELL, THAT'S GREAT. SO THAT'S PART OF THE RECOVERY. YES. AND PART OF THAT IS THROUGH THE CENTRAL SERVICES. THAT EQUITY TRAININGS. MATTER OF FACT, I'M GOING TO SOME ON THURSDAY. ALL RIGHT, FINISH MINE BEFORE I TAKE OFF. I THOUGHT THERE WAS A LINE ITEM 5.9% INCREASE IN THE MARITIME ECONOMIC DEVELOPMENT BUDGET FOR AVIATION. HELP ME. IS THAT FOR CRUISING? WELL,

THAT IS YOU ASKED EARLIER ABOUT THE EMPLOYMENT CENTER AND I BELIEVE THAT'S WHERE THE BUDGET FOR THAT IS. IT'S MANAGED OUTSIDE OF THE AIRPORT, BUT IT IS CHARGED TO THE AIRPORT. OKAY, THANK YOU. I HAD THE PLEASURE OF JUST GIVING A TOUR OF THE CLIMATE PLEDGE ARENA AND UNDERSTANDING THE SUSTAINABILITY PROGRAMS THAT THE KRAKEN HAVE EMBARKED UPON. AND ONE OF THE VERY EXCITING THINGS THEY HAVE DONE IS YOUR TICKET, IS YOUR TRANSIT TICKET. SO WHEN YOU BUY YOUR TICKET, YOU ACTUALLY GET TO GO ON THE LIGHT RAIL. AND SO WHEN I SEE WE HAVE OUR GREENHOUSE GAS REDUCTION GOALS, I UNDERSTAND THE KRAKEN SUBSIDIZES THAT, BUT IT SEEMS LIKE A PARTNERSHIP WITH THE AIRLINES. POTENTIALLY, WHEN YOU BUY YOUR TICKET AND THEY GET TWO DAYS BEFORE YOU TRAVEL OR GO TO YOUR KRAKEN GAME, THEY GO, KNOW BEFORE YOU GO. AND THIS TAKE YOUR TICKET. THE THING WE CONTINUE TO TALK ABOUT IS INCREASING LIGHT RAIL UTILIZATION AND ALSO TO KEEP TRACK OF HOW LIGHT RAIL IS BEING UTILIZED. AND ONE OF THE THINGS WE DID TO INCREASE THE FACILITATION OF THAT WAS THE ELECTRIC GO KARTS GOLF CARTS. AND I MUST SAY THEY'RE QUITE ELEGANT GOLF CARTS. I MEAN, WITH MAG WHEELS AND CANDY APPLE RED PAINT JOBS. I THINK THEY'RE QUITE APPEALING. I DON'T KNOW IN TERMS OF HOW MUCH THEIR FREQUENCY OF USE IS CHANGING OR WHAT WE MIGHT BE ABLE TO DO TO FURTHER INCENTIVIZE LIKE THOSE KNOW BEFORE YOU GO SORT OF THINGS. AND THEN FINALLY, I WAS VERY ENCOURAGED TO SEE THIS INNOVATIVE IDEA THAT WE WOULD BE BUYING A MILLION GALLONS OF STAFF. THERE'S ALL SORTS OF PROGRAMS COMING OUT OF THE FEDERAL GOVERNMENT AND OBVIOUSLY WITH CLIMATE COMMITMENT ACT AND CLEAN FUEL STANDARDS IN WASHINGTON, THERE COULD BE CHANCES FOR US TO POTENTIALLY LEVERAGE THAT MONEY. BUT ONE OF THE THINGS THAT WE TALKED ABOUT GETTING PORT CREDITS WOULD BE LIKE PART OF OUR BUYING DOWN OUR GREENHOUSE GAS EMISSIONS GOALS, I WOULD ASSUME. I ALSO JUST SEE THAT THINGS LIKE INCREASING LIGHT RAIL SERVICE AND USING OUR RESPONSIBLE TRAVELER PROGRAM AND I KEEP ON GETTING THE NAME WRONG. I THINK BASICALLY MAYBE THAT COULD BE USED TO OFFSET SOME OF OUR STAFF PURCHASING. AND GETTING BACK TO THE QUESTION I KEEP ON WANTING TO RAISE FOR FUTURE DISCUSSION IS HOW MUCH WE COULD USE THAT DEDICATED RESPONSIBLE TRAVELER PROGRAM FUNDING TO DO THINGS THAT ARE LOCAL. RIGHT? SO THE MORE AND MORE THAT WE

COULD BUY TREES, IF WE'RE GOING TO BUY TREES IN THOSE COMMUNITIES THAT ARE THE NATIONAL PROGRAM, IT HAS SOME FLEXIBILITY ABOUT WHERE THOSE ACQUISITIONS ARE TO THE DEGREE WE CAN DIRECT THOSE RESOURCES. AND AGAIN, IF WE'RE BUYING STAFF TO JUST KICKSTART THE PROGRAM, LET'S SEE HOW THAT COULD BE. I'M SURE IT'S BEING ENUMERATED TOWARDS OUR GOALS, BUT IT COULD ALSO BE THE COSTS THAT WOULD BE SHARED.

OKAY, SO I THINK THAT'S PLENTY TO RUN THROUGH FOR THIS PERIOD. COMMISSIONER CHO, DO YOU HAVE ANY QUESTIONS?

NO. I ACTUALLY JUST WANTED I THINK COMMISSIONER HASEGAWA MENTIONED INJA AND IRA. I WAS GOING TO ACTUALLY ALSO ASK THAT PERHAPS THE TEAM CAN GET BACK TO US ON WHAT AND WHAT POOLS OF FUNDING WE ARE ELIGIBLE FOR. KNOWING THAT WE'RE NOT GUARANTEED TO RECEIVE THE MONEY. BUT IT WOULD BE HELPFUL FOR US TO KNOW AT LEAST WHAT WE AS A PORT BOTH ON THE AVIATION AND MARITIME SIDE. QUITE FRANKLY. WHAT WE EXPECT TO BE ABLE TO GO FOR AND HOW MUCH WE'RE ELIGIBLE FOR.

OKAY. I ALSO WANTED TO MAKE A COMMENT REGARDS TO HUMAN TRAFFIC, THE HUMAN TRAFFICKING BUDGETING.

AS YOU KNOW, THOSE OF YOU WHO ARE AROUND COULD RECALL THE HUMAN BUDGETING LINE ITEM WAS SOMETHING THAT I ASKED FOR FOR THE LAST TWO YEARS. BUT QUITE FRANKLY, I'VE NOT SEEN A LOT OF MOVEMENT. AND AS FAR AS TAKING OUR HUMAN TRAFFICKING PROGRAM FURTHER, I THINK I'VE BEEN PRETTY CLEAR ABOUT WHAT I WANT TO SEE IN TERMS OF US CREATING SOME SORT OF A PROGRAM THAT INCENTIVIZES OUR TENANTS TO ALSO PARTAKE IN THE TRAINING. BUT I HAVE NOT SEEN MUCH ACTIVITY ON THAT. AND I THINK PART OF OUR LACK OF MOVEMENT ON THAT IS THAT IT'S SIMPLY THAT WE HAVE NOT YET DESIGNATED ANYONE TO OR AS FAR AS I KNOW, NO ONE HAS REALLY TAKEN OWNERSHIP OF IT TO RUN WITH IT. SO PERHAPS WE NEED TO DISCUSS AND I KNOW I'VE HAD CONVERSATIONS WITH STEVE AND THAT'S ABOUT THIS, BUT WHO TAKES OWNERSHIP OF IT? BECAUSE THIS INITIATIVE HAS ALWAYS BEEN KIND OF A PORT EMPLOYEE TAKING THIS ON BECAUSE THEY'RE PASSIONATE ABOUT IT OUTSIDE THEIR NORMAL NINE TO FIVE. AND I THINK IF WE'RE GOING TO BE SERIOUS ABOUT HUMAN TRAFFICKING HERE AT THE PORT AND TAKE IT TO THE NEXT LEVEL, WE NEED SOMEONE WHO REALLY TAKES OWNERSHIP OF IT. SO I'LL STOP THERE.

AND I KNOW THAT WE TALKED ABOUT THIS IN THE COMMITTEE, AND SO WE CAN TAKE IT TO OUR COMMITTEES AS WELL. MAYBE I COULD JUST DO A QUICK RESPONSE, COMMISSIONER. SO WE HAVE ASSIGNED SOMEONE, JAMIE

CARTER, WHO IS PROBABLY TEXTING ME AS JULIET. JAMIE IS ACTUALLY TAKING THE LEAD. SHE HAS TAKEN THE LEAD ON IT. THERE'S LOTS OF INITIATIVE THAT SHE HAS UNDERTAKEN. IN FACT, WE'RE NOT ONLY DOING A SEA APPROACH, WE'RE ACTUALLY DOING AN INDUSTRY APPROACH. WE'RE COORDINATING WITH OTHER AIRPORTS AS WELL. AND ONE OF THE THINGS I THINK WE PROBABLY OWE YOU AND THE REST OF THE COMMISSION AN UPDATE. AS I SAID, ON THE PORT SIDE, WE HAVE MADE LOTS OF STRIDE IN TERMS OF GETTING OUR PEOPLE TO BE TRAINED AND TO BE A PART OF THE PROGRAM WHERE WE'RE REALLY STRUGGLING A LITTLE BIT WITH THE REST OF THE AIRPORT COMMUNITY. AND THAT'S THE AREA I SAY WE PROBABLY HAVE TO GET A LOT MORE CREATIVE AND A LOT MORE INNOVATIVE. WE HAVE MONEY ALLOCATED, BUT SOMETIMES IT'S NOT JUST MONEY THAT'S PREVENTING US FROM ACHIEVING CERTAIN THINGS. SOMETIMES IT'S POLICIES, ETC. THAT WE MAY HAVE TO LOOK AT TRYING TO GET CHANGED SO WE CAN ACHIEVE SOME OF THE OUTCOMES. IN FACT, THE OUTCOME THAT YOU HAD ESTABLISHED IS WHAT WE'RE USING AS OUR CORNERSTONE TO ACTUALLY TRY TO GET TO HELP US, ACTUALLY IN ORDER TO STRUCTURE HOW WE TRY TO MOVE FORWARD AND TO ACHIEVE AND THE OBJECTIVES THAT YOU HAVE OUTLINED. SO THERE'S LOTS OF WORK BEING DONE. WE HAVE NOT HAD THE SUCCESSES THAT WE WOULD HAVE LIKED TO SEE. WE'RE NOT MOVING AS FAST, BUT WE ACTUALLY HAVE SOMEONE THAT IS ASSIGNED TO IT AND THERE'S A LOT OF WORK WE'RE DOING. AND I THINK WE PROBABLY OWE YOU A BRIEFING AND YOU'LL FEEL A LITTLE BIT MORE COMFORTABLE ONCE WE HAVE BRIEFED YOU ON WHAT WE HAVE DONE SO FAR. AWESOME. GREAT. I LOVE THAT. YEAH, WE'D LOVE TO GET A BRIEF ON IT. THANKS, LANCE. OKAY, I'M GOING TO HOLD MY QUESTIONS UNTIL WE'VE COMPLETED THE REMAINDER OF THE PRESENTATION. SO BORGAN I'LL TURN IT BACK OVER TO YOU. OKAY, I THINK WE WERE READY TO START THE CAPITAL UPDATE, AND SO I WILL TURN IT OVER TO KERI STEVENS. GOOD MORNING, COMMISSIONERS. SO I'M KERI STEVENS. YOU MIGHT NOT HAVE SEEN ME AROUND TOO MUCH FOR THE LAST COUPLE OF YEARS. I'VE PROVIDED THIS PORTION OF THE BUDGET UPDATE AS THE SENIOR MANAGER OF CAPITAL PROGRAMS. YOU CAN KIND OF THINK OF CAPITAL PROGRAMS AS THE DEVELOPMENT ARM OF THE CAPITAL PLAN, WHERE PMG IS THE IMPLEMENTATION OR DELIVERY ARM OF THE CAPITAL PLAN. ANYWAYS, THIS YEAR I GET TO DO THIS PRESENTATION AS THE DIRECTOR OF FACILITIES AND CAPITAL PROGRAMS. SO, RIGHT OFF THE BAT, YOU CAN SEE FROM THIS FIVE YEAR CASH FLOW THAT

WE HAVE A SIGNIFICANT MOUNTAIN TO CLIMB IN THE NEXT FIVE YEARS. YOU CAN ALSO SEE WHAT WE CALL MEGA PROJECTS. THESE ARE PROJECTS WITH BUDGETS OVER 300 MILLION. THESE PROJECTS MAKE UP SIGNIFICANT PORTION OF OUR OVERALL CASH FLOWS. IN THE PAST, WE HAD THREE MEGA PROJECTS IAF, NORTH STAR AND BAGGAGE OPTIMIZATION. WITH IAF AND NORTH STAR IN CLOSE OUT. WE STILL HAVE BAGGAGE OPTIMIZATION, BUT WE ALSO HAVE FOUR NEW MEGAS CONCOURSE C EXPANSION. THE SEATTLE GATEWAY ARE ALSO KNOWN AS NORTH MAIN TERMINAL, THE SOCO EVO PROGRAM, WHICH IS THE SOUTH SATELLITE RENEWAL AND THEN THE MAIN TERMINAL RENOVATION, ALSO KNOWN AS MAIN TERMINAL IMPROVEMENT PROGRAM. SO, VERY IMPORTANT, THAT LITTLE BLURB AT THE BOTTOM. THESE CASH FLOWS DO NOT, OF COURSE, INCLUDE ANY STAMP NEAR TERM PROJECTS OTHER THAN THE PLANNING WORK THAT IS DEPICTED IN SLOA. NEXT SLIDE, PLEASE.

SO THIS SLIDE BREAKS DOWN THE CAPITAL PLAN INTO SOME OF ITS BUCKETS. AS YOU CAN SEE, MEGA TAKES UP A LION SHARE WITH REGULATORY RENEWAL, REPLACEMENT AND BUSINESS NEED TAKING CLOSE TO EQUAL SHARES. SO, REGULATORY, THESE ARE OUR PROJECTS DRIVEN BY STATE LAWS, FAA REQUIREMENTS, TSA REQUIREMENTS, PERMITTING AGENCY AND CODE. AN EXAMPLE OF THIS WOULD BE SORT OF OUR INDUSTRIAL WASTE TREATMENT PLANT PROJECT, WHICH IS DRIVEN BY OUR KING COUNTY PERMIT. THESE ARE OUR MUST DO PROJECTS. RENEWAL REPLACEMENT ARE PROJECTS DRIVEN BY EQUIPMENT, SYSTEM, ASSET AGE AND CONDITION. EXAMPLES FOR THIS ONE ARE BASICALLY OUR MAIN TERMINAL LOW VOLTAGE PROJECT. AND ANOTHER ONE WOULD BE OUR PLB WORK THAT WE DO OVER TIME. THESE ARE NEED TO DO PROJECTS. OUR AND OUR PROJECTS WILL ALWAYS HAVE TO HAPPEN. THE REAL QUESTION I THINK IS WHEN DO THEY HAVE TO HAPPEN? AND THEN THE BUSINESS NEED PROJECTS ARE OUR SHOULD DO PROJECTS. THESE ARE PROJECTS THAT THEY DON'T KEEP THE DOORS OPEN, BUT THEY ARE SMART BUSINESS TO DO. A LOT OF OUR NON AERO REVENUE PROJECTS ARE CARRIED HERE. AN EXAMPLE WOULD BE OUR EV CHARGING PROJECTS, OUR EXAMPLE OF A BUSINESS NEED PROJECT. AND OF COURSE, OUR MEGA PROJECTS TYPICALLY HAVE A LITTLE BIT OF EVERY BUCKET IN THEM. SO, ONE ITEM OF NOTE HERE, OUR NUMBER OF PROJECTS IS COMING DOWN IN NUMBER, WE'RE SHOWING 174. LAST YEAR AT THIS TIME WE WERE AROUND 180, OR ACTUALLY CLOSER TO 190. SO SOME OF THE WORK THAT WE ARE DOING, I'LL TRY TO EXPLAIN IN A LITTLE BIT

LATER. SLIDES DESCRIBES HOW WE ARE BRINGING THIS NUMBER DOWN. NEXT SLIDE PLEASE.

SO, THESE NEXT COUPLE OF SLIDES ARE GOING TO GIVE YOU UPDATES ON SOME OF OUR MAJOR CAPITAL PROJECTS. IN THE CURRENT PLAN, OUR CONCOURSE C EXPANSION PROJECTS CONSTRUCTION HAVE STARTED WITH SOME OF THE EARLY WORK PACKAGES, STRUCTURAL AND SITE WORK. SOME OF THE AMENITIES OF THIS EXPANSION INCLUDE INTERFAITH PRAYER ROOM, NURSING MOTHER SUITE, SENSORY ROOM, AND A PUBLIC LOOKOUT FOR TRAVELING PUBLIC AND EMPLOYEES. SO, THIS IS GOING TO BE SIMILAR TO LOOKOUT THAT THE CLUB IS OFFERING, BUT IT WILL BE FREE OF CHARGE. WE ALSO HAVE INCLUDED AN EMPLOYEE BREAK ROOM AND FOOD DONATION LOCATION. ALSO WE HAVE SOLAR OR PHOTOVOLTAIC ROOF AND WE ARE PLANNING FOR AN ALL ELECTRIC FACILITY WITHOUT THE USE OF NATURAL GAS. NEXT SLIDE PLEASE.

SO OUR SEATTLE GATEWAY, OR AS I SAID, THE NORTH MAIN TERMINAL PROJECT, WE ARE READY TO START DEMOLITION IN THE PHASE A WORK, WHICH IS THE PROMENADE LEVEL. TIED TO THIS WORK IS THE NEW ADA COMPLIANT ENTRANCES ON THE BAG CLAIM LEVEL. CURRENTLY WE'RE EXPECTING COMPLETION IN 2026.

NEXT SLIDE.

CONCOURSE A LOUNGE EXPANSION. THIS BUILDING WILL HOUSE THE NEW DELTA CLUB AS WELL AS EXPANSION OF OUR CLUB AT SEA. WE HAVE COMPLETED DESIGN AND ARE JUST ABOUT READY TO INITIATE CONSTRUCTION. SOME OF THE SUSTAINABILITY ITEMS OF NOTE HERE ARE TRIPLE GLAZED ELECTROCHROMATIC SMART GLASS AND NO NATURAL GAS APPLIANCES. AND FOR THIS ONE, WE ARE ANTICIPATING COMPLETION IN 2024.

NEXT SLIDE PLEASE. SOUTH CONCOURSE C EVOLUTION. SO YOU ALL JUST RECEIVED THE BRIEFING ON THIS PROJECT, THE LAST MEETING AND WE'RE GOING TO HAVE AN AUTHORIZATION REQUEST AT THE NEXT MEETING. ON THE SUSTAINABILITY SIDE, WE HAVE A GOAL OF LEAD GOLD AND A MINIMUM OF LEAD SILVER. WE ARE LOOKING AT REDUCTION IN SOLAR HEAT GAIN FOR THE FACILITY, ENERGY USE REDUCTIONS, RAINWATER CAPTURE AND REUSE. WE ARE ALSO LOOKING AT ADDITIONAL WASTE STREAMS BY ENLARGING OUR LOADING DOCK AREAS. WE HAVE A FOOD DONATION PROGRAM FOR THIS FACILITY. AND FINALLY, WE HAVE AROUND 70 EGSE PARKING POSITIONS INCLUDED, AS WELL AS SEVERAL EV PARKING STALLS, SOME OTHER AMENITIES. WE'RE GOING TO HAVE A NURSING SUITE. WE'RE GOING TO HAVE CHILDREN'S PLAY AREA. WE'RE GOING

TO HAVE SENSORY ROOMS OR A SENSORY ROOM INCLUDED IN THIS PROGRAM. NEXT SLIDE, PLEASE. SO THE CONCOURSE A DUTY FREE. SO THIS IS A MORE IMMERSIVE DUTY FREE EXPERIENCE THAT SPANS ACROSS THE A CONCOURSE NEAR THE EXIT TO IAF. WE JUST COMPLETED THE PD AND THE PLAN IS TO UTILIZE A TENANT REIMBURSEMENT AGREEMENT WITH A DUTY FREE VENDOR TO BUILD OUT THE SPACE, INCLUDING INFRASTRUCTURE AND BASE BUILDING REQUIREMENTS. THE CENTER ISLAND IN THIS PROJECT BETWEEN THE TWO CIRCULATION FLOWS IS SLATED TO BE ALL SMALL BUSINESS. WE ACTUALLY HAVE AN INDUSTRY DAY THAT'S COMING UP IN A COUPLE OF WEEKS FOR THIS PROJECT. NEXT SLIDE PLEASE.

SO, MAIN TERMINAL IMPROVEMENTS. THIS PROGRAM INITIATED WITH THE NEED FOR SPRINKLERS AND SMOKE CONTROL IN THE MAIN TERMINAL. THAT WAS AND STILL IS THE BACKBONE OF THIS PROGRAM. ALONG WITH IT, WE HAVE SUBSTANTIAL UPGRADES TO OUR EMERGENCY POWER WITH MORE GENERATORS AND NEW FEEDS. WE'LL ALSO BE PROVIDING NEW CEILING, NEW LIGHTING FIXTURES, NEW SIGNAGE. PROGRAM INCLUDES RESTAURANT RENOVATIONS, MEZZANINE SECURITY UPGRADES, BAG CLAIM, DEVICE RENEWAL REPLACEMENT. WE'RE ABOUT HALFWAY THROUGH THIS PVD AND STILL NEED FURTHER DESIGN DEFINITION FROM THE SEATTLE GATEWAY PROJECT SINCE WE'LL BE EXPANDING AND EXTENDING A LOT OF WHAT THAT PROJECT DOES TO THE SOUTH END OF THE TERMINAL. NEXT SLIDE PLEASE.

SO CONCOURSE HVAC INFRASTRUCTURE RENEWAL REPLACEMENT PROGRAM. SO THIS IS EFFECTIVELY KNOWN AS CHIRP. YOU CAN KIND OF THINK OF AN OLD HVAC SYSTEMS WHERE YOU CAN HEAR A CHIRPING AS YOU'RE TRYING TO DO YOUR WORK. THESE SYSTEMS ON CONCOURSE B, C AND D HAVEN'T BEEN TOUCHED IN ABOUT 30 YEARS. WE ARE FAILING TO MEET THE DEMANDS FOR OUR RESTROOMS ADR AND JUST GENERAL POPULATION IN THE CONCOURSES. THIS IS A CEILING UP APPROACH THAT WILL ALSO RENEW OUR CEILING LIGHTING, SIGNAGE AND ADDRESS SMOKE CONTROL. SO WE JUST HIRED A PM FOR THIS WORK AND ARE PLANNING ON LAUNCHING ON THE PDD IN 2023. SO YOU'LL BE HEARING MORE ABOUT THIS ONE. NEXT SLIDE PLEASE.

SO, LAST BUT DEFINITELY NOT LEAST IS OUR NOISE PROGRAM. SO FOR THE SINGLE FAMILY HOMES, WE'VE BEEN PERFORMING ABOUT TEN TO 15 HOMES A YEAR FOR CONDOMINIUMS. WE PLAN TO HAVE THE 28 UNIT VIA ENVYN COMPLETE FIRST QUARTER OF 2023 AND FOUR APARTMENTS. WE HAVE A PHASE ONE BID OPENING WHICH WILL START

WORK ON FIVE BUILDINGS OR AT 215 UNITS, AND THEN ARE PLACES OF WORSHIP. WE HAVE CONFIRMED FOUR ELIGIBLE AND WE'LL START DESIGN IN 2023. RIGHT NOW, ALL WORK IS ON SCHEDULE AND EXPECTED TO BE COMPLETE IN 2026. OKAY, NEXT SLIDE, PLEASE. OKAY, SO THAT WAS OUR EXISTING CAPITAL PLAN OR SOME OF OUR MAJOR PROJECTS INSIDE OF OUR EXISTING CAPITAL PLAN. I JUST WANT TO SPEND SOME TIME NOW TALKING ABOUT WHAT WE'VE PROPOSED FOR GOING FORWARD. SO NEXT SLIDE, PLEASE. SO THIS SLIDE SHOWS A TOTAL OF 515,000,000 IN THE COST ESTIMATE, BUT ACTUALLY THE NEW BUDGET IN THE CAPITAL PLAN IS 441,000,000. THIS YEAR, WE MADE A CONCERTED EFFORT TO BUNDLE AND PROGRAM WORK TOGETHER TO NOT ONLY LESSEN OUR RESOURCE WORKLOAD, BUT TO GAIN EFFICIENCIES IN OUR PROCESSES AND MOST LIKELY SAVINGS IN OUR SOFT COSTS. IN SOME CASES, WE BUNDLED WORK WITH EXISTING WORK THAT'S IN THE CAPITAL PLAN. AND THAT'S WHY YOU'RE SEEING SORT OF THE HIGHER NUMBER RIGHT NOW. BUT ACTUALLY WHAT WE INCLUDED IN THE CAPITAL PLAN OR WHAT THE CAPITAL PLAN INCREASED BY IS \$441,000,000. SO THAT'S WHY I'M KIND OF DISCUSSING THE DIFFERENCE WITH WHAT YOU ACTUALLY SEE AND WHAT'S ACTUALLY ADDED THE CAPITAL PLAN. SO I'M GOING TO GO THROUGH SOME OF THESE PROJECTS IN MORE DETAIL IN LATER SLIDES. BUT ABOUT HALF OF THIS YEAR'S PROPOSAL IS MADE UP OF AIRFIELD INFRASTRUCTURE WORK. FAA REQUIRES CERTAIN METER READINGS ON OUR AIRFIELD CIRCUITRY. CIRCUITRY FALLS BELOW CERTAIN PARAMETERS, IT IS REQUIRED TO BE REPLACED. OUR CIRCUITRY IS STARTING TO DEGRADE FASTER THAN MAINTENANCE CAN ACTUALLY REPLACE IT. AND WE PLAN TO SEQUENCE THIS WORK WITH OUR AIP PAVEMENT WORK AND OUR AUTO FOD AND LED LIGHTING UPGRADE THAT WE HAVE ON THE RUNWAYS. ANOTHER ONE OF THE EXAMPLES HERE IS THE CARGO FACILITIES. THESE ARE BUILDINGS THAT WERE BUILT AND MAINTAINED BY SOMEONE ELSE, BUT MORE RECENTLY HAVE REVERTED TO OUR OWNERSHIP. OF COURSE, ALL LIFE HAS BEEN SUCKED OUT OF THEM OVER THE LAST 30 YEARS AND THEY ARE NOW IN SIGNIFICANT DECLINE AS THE OWNER. NOW WE NEED TO REHABILITATE THESE FACILITIES UNDER TODAY'S STANDARDS AND ENERGY REQUIREMENTS. AND JUST A COUPLE OF OTHER PROJECTS THAT I WANT TO HIGHLIGHT HERE. THE AIR CARGO ROAD. PHASE TWO. OUR PMI FOR OUR PAVEMENT MANAGEMENT INDEX IS VERY LOW ON THE NORTHERN SECTIONS OF OUR AIR CARGO ROAD. WE PLAN TO REPLACE THAT PAVEMENT AND AT THE SAME TIME CREATE BIKE LANES

AND NEW LIGHTING. THIS WILL CONNECT TO OUR BIKE LANES ON 154TH STREET, AND I THINK IT ACTUALLY CONNECTS TO OUR LAKE TO SOUND TRAIL FROM THERE. SO ALSO WANT TO HIGHLIGHT OUR FLEET FAST EV CHARGING. THIS PROJECT WILL PROVIDE TWO LEVEL THREE CHARGING DEPOTS, ONE ON THE AOA AND ONE IN THE GARAGE FOR OUR FAST CHARGING. AND I CAN GO INTO SOME MORE DETAIL HERE. I WANTED TO SEE IF THERE'S ANY OTHER QUESTIONS OR I CAN ANSWER QUESTIONS AT THE END OF THIS PRESENTATION FOR CATHY. WE SHOULD KEEP MOVING. WE'VE GOT ABOUT SEVEN MINUTES SLATED LEFT. I WANT TO GIVE YOU FIVE AND THEN I'LL CONTRACT FOR A LITTLE BIT MORE TIME FOR THE COMMISSIONER CHO ASK QUESTIONS TOO. ALL RIGHT, SO I'LL RUN THROUGH THESE LAST ONES. NEXT SLIDE, PLEASE. SO I DIDN'T REALLY TALK ABOUT THIS ON THAT LAST SLIDE, BUT THIS IS OUR PARKING GARAGE REHAB PROJECT. WE'VE BUNDLED THREE PROJECT REQUESTS TOGETHER. SO THE CENTER SECTIONS OF THE GARAGE ARE OVER 50 YEARS OLD AND IN DESPERATE NEED OF REHABILITATION. WITH THE RECENT FIRE, WE'VE COME TO GRIPS WITH THE FACT THAT OUR FIRE SUPPRESSION STANDPIPES AND CONNECTIONS ARE OUTDATED AND NOT CODE COMPLIANT AND REALLY PROVIDE LOW PRESSURE. THE GARAGE ITSELF HAS SIGNIFICANT CRACKING AND SPAWNING, WITH CERTAIN COLUMN AND BEAM CONNECTIONS SHOWING INITIAL FAILURE. THIS PROJECT WILL PROVIDE A SIGNIFICANT REHAB TO THE BASE BUILDING SECTIONS OF THE GARAGE. NEXT SLIDE, PLEASE. SO WE TALKED A LITTLE BIT ABOUT THE CARGO BUILDINGS. I THINK AT THE LAST COMMISSION MEETING, YOU WERE INFORMED ON CARGO BUILDING ONE SIX, ONE E. WE'VE BUNDLED THE NEXT THREE CARGO BUILDINGS TOGETHER INTO ONE PROJECT. WE'RE REALLY REVIEWING THIS ALL AS ONE PROGRAM. SO WE'LL BE MONITORING THE PROJECTS IN THIS PROGRAM AGAINST THE PROGRAM BUDGET. NEXT SLIDE, PLEASE. SO I'VE ALREADY KIND OF DISCUSSED THE AIRFIELD WORK BUNDLING WE HAVE DONE. THIS IS OUR LARGEST PORTION OF THE 2023 CAPITAL PROPOSAL. NEXT SLIDE, PLEASE. JUST A COUPLE OF SLIDES. KIND OF SHOWING DIFFERENT WAYS OF BREAKING DOWN THE CIP. HERE WE KIND OF HIGHLIGHTED THE MEGA PROJECTS AGAINST ALL OTHERS. THE MEGA PROJECTS, OF COURSE, AS YOU CAN SEE, TAKE UP NEARLY 50% OF OUR CAPITAL PLAN ALTOGETHER. AND YOU CAN SEE OUR PROPOSED NEW PROJECTS WE'VE PLANNED IN THE NEXT FIVE YEARS TO SPEND ABOUT 400 MILLION OF OUR PROPOSED PLAN. NEXT SLIDE, PLEASE.

AND SO THIS IS JUST A BREAKDOWN OF OUR CIP BASED ON STATUSES. YOU CAN SEE HERE WHERE WE'RE STANDING ON OUR CONSTRUCTION AUTHORIZED WORK. THIS IS WORK THAT IS PROCEEDING INTO CONSTRUCTION OR IS IN CONSTRUCTION, AND IT'S ON A PATH IT WILL SPEND THESE CASH FLOWS DESIGN AUTHORIZES THEIR STATUS FOR THOSE ARE GETTING READY TO A LOT OF THESE ARE GETTING READY TO COME TO CONSTRUCTION AUTHORIZATION, AND THEN WE STILL HAVE A FAIR AMOUNT IN OUR STATUS, TWOS AND THREES, WHICH ARE PENDING COMMISSION AUTHORIZATION. THESE ARE PIECES OF WORK THAT WE STILL CARRY OUR SOKO EVO PROJECT IN THERE, THE MAIN TERMINAL IMPROVEMENT PROGRAM IN THERE. THOSE ARE TWO MAJOR ELEMENTS THAT HAVE YET TO COME FOR FULL AUTHORIZATION, OR AT LEAST DESIGN AUTHORIZATION, I WOULD SAY. AND WE NEED TO STAY ON SCHEDULE FOR THOSE TO MEET OUR BUDGETS AS BEST WE CAN. AND I THINK FROM THAT, I MIGHT BE HANDING IT BACK TO BORGEN. BUT ANY QUESTIONS ON SORT OF THE CAPITAL PROGRAM PAST AND PRESENT? LET'S GO BACK TO BORGEN AND FINISH UP THE PRESENTATION. OKAY, LET'S MOVE ON TO THE NEXT SLIDE THEN, PLEASE. VERY QUICKLY, OUR FUNDING PLAN FOR THIS CAPITAL PROGRAM AND THE LIGHT BLUE IN 2023 AND THE DARK BLUE IN THE SUBSEQUENT YEARS IS OUR BOND FUNDING AND THAT IS THE VAST MAJORITY OF HOW WE PAY FOR OUR PROGRAMS FROM REVENUE BONDS. YOU'VE ASKED SOME QUESTIONS ABOUT GRANTS BEFORE AND YOU SEE IN PURPLE WHAT WE HAVE IS THE AIP AND THIS WOULD INCLUDE MONEY THAT WE WOULD BE ANTICIPATING AS PART OF THE BIPARTISAN INFRASTRUCTURE LAW OR BILL. AND THAT INCLUDES THE PORT PORTION THAT'S ALLOCATED TO US AS WELL AS AN ESTIMATE OF WHAT WE MAY GET FROM THE COMPETITIVE GRANTS OF WHICH WE'VE ALREADY GOT THE FIRST 10 MILLION FOR THE RESTROOM PROJECTS AND WE WILL BE APPLYING FOR MORE IN EACH SUBSEQUENT YEAR. BUT THE GREEN IS CASH AND OBVIOUSLY WHEN WE HIT OUR CASH TARGET BUILDING UP TO THAT LEVEL, THEN WE'RE GOING TO HAVE A LITTLE MORE TO SPEND DIRECTLY ON THE CAPITAL PROGRAM, WHICH IS KEY, BUT WE'RE GOING TO BE HIGHLY LEVERAGED. WE'RE GOING TO BE ISSUING QUITE A FEW BONDS TO PAY FOR THIS CAPITAL PROGRAM AND THAT'S AN APPROPRIATE WAY TO FUND LONGTERM INFRASTRUCTURE INVESTMENTS. NEXT SLIDE FORECAST. I THINK THE INTERESTING INFORMATION IS ACTUALLY ON THE NEXT SLIDE. SO LET'S GO TO THE NEXT SLIDE, PLEASE. SO JUST SOME OF THE KEY

MEASURES. DEBT SERVICE COVERAGE, I INDICATED THAT IT WOULD BE GOING DOWN AND THAT'S CLEARLY WHAT WE SEE HERE. BUT EVEN THAT AT ONE FIVE IN 2027, THAT'S STILL A PRETTY STRONG LEVEL AND WE ANTICIPATE HITTING THE 18 MONTHS OF O AND M IS OUR CASH BALANCE BY 2025. THE OTHER MEASURE THAT'S WORTH HIGHLIGHTING, I THINK IS THE PASSENGER AIRLINE COST PER EMPLOYMENT OR CPE. AND YOU CAN SEE THAT RISING UP TO OVER \$24 BY 2027. BY HISTORICAL STANDARDS, THIS WOULD MAKE US A RELATIVELY HIGH COST AIRPORT AND THAT IS THE DIRECTION WE ARE GOING IN WITH THE VERY SIGNIFICANT CAPITAL INVESTMENTS WE ARE MAKING AND THE INVESTMENTS WE ARE MAKING IN EFFECT IN CUSTOMER EXPERIENCE. SO WE ARE MAKING A LOT OF INVESTMENTS AND WITH MODEST GROWTH IN PASSENGERS OVER THE NEXT FIVE YEARS, WE WILL SEE OUR COST PER ENPLANEMENT GOING UP. BUT WE THINK THESE ARE STILL WISE INVESTMENTS. NEXT SLIDE. AND I THINK THAT MIGHT BE IT. OH, THIS JUST SHOWS OUR CASH BALANCE. SO I THINK WE'VE COVERED THAT. SO, NEXT SLIDE DONE. OKAY. ALL RIGHT. GREAT JOB. OKAY, I AM GOING TO LAUNCH IN SOME QUESTIONS, SOME OF WHICH I'M JUST GOING TO MAKE AS HOMEWORK FOR BORGEN AND LANCE TO GET BACK TO US ON. YOU BEGAN TO ANSWER ONE OF THEM, WHICH IS HOW DO WE COMPARE TO OTHER HUBS AND PARTICULARLY ON THAT QUESTION OF COST PER ENPLANEMENT. AS I LOOK AT THE FINANCIAL DOCUMENTS, IT'S CLEAR THAT OUR REVENUES OVERALL ARE LESS CONNECTED TO TICKET PRICES. LIKE IF WE TRACKED WE PUT A CHART UP THAT SHOWED AVERAGE TICKET PRICE BY SOME METRIC OVER TIME AND COMPARED THAT TO OUR REVENUE, WE'D SEE THAT THEY AREN'T IN FACT LINKED AS CLOSELY AS A NON AERONAUTICAL REVENUES ARE TO OUR OVERALL REVENUES. AND I THINK WHAT THAT IS BASICALLY SAYING IS THE FEES THAT WE CHARGE AIRLINES ARE NOT BASED ON A PERCENTAGE OF THEIR TICKET COSTS SO MUCH AS FIXED FEES FOR TAKEOFFS AND LANDINGS AND SOME PASSENGERS. YES. SO FUNDAMENTALLY, OUR LEASE AGREEMENT WITH THE AIRLINES DICTATES HOW WE CHARGE THE AIRLINES AND IT'S FUNDAMENTALLY COST RECOVERY. AND THOSE COSTS INCLUDE CAPITAL COSTS. SO WHEN WE ISSUE BONDS TO PAY FOR A NEW FACILITY, THE DEBT SERVICE ON THOSE BONDS GO INTO THE RATE BASE. SO OUR COSTS ARE GOING UP RATHER DRAMATICALLY WITH THE INTERNATIONAL ARRIVALS FACILITY AND THE NORTH SATELLITE. AND WHEN THESE MEGA PROJECTS COME ON, THEY WILL GO UP EVEN MORE. SO AS AN AIRLINE,

THEY'RE LOOKING AT SEATAC AS THEIR FACILITY AND THEY HAVE TO HAVE IT MAKE SENSE FROM A BUSINESS STANDPOINT. BUT WE WORK WITH THE AIRLINES EXTENSIVELY IN BRIEFING THEM ON THESE PROJECTS AND THEY'RE VERY INVOLVED. IN FACT, THE NORTH MAIN TERMINAL PROJECT IS A TENANT REIMBURSEMENT WITH ALASKA. THEY ARE ACTUALLY DOING IT. SO THERE IS A LOT OF PARTNERSHIP WITH THE AIRLINES. I THINK THEY UNDERSTAND THESE INVESTMENTS. WE WANT THEM TO UNDERSTAND THESE INVESTMENTS. SO IT REALLY IS A JOINT INVESTMENT BECAUSE WE'RE MAKING THE INVESTMENTS, BUT THE AIRLINES ULTIMATELY WILL BE PAYING FOR A BIG SHARE OF THEM. THE REASON I HIGHLIGHT THAT IS BECAUSE I KNOW FOR A LOT OF THE PUBLIC, THEY SEE THAT THE PRICE OF A TICKET TO FLY ROUND TRIP TO MAYBE A DESTINATION THEY'VE BEEN TO BEFORE, SIGNIFICANTLY HIGHER. BUT OUR REVENUES FROM THAT TICKET AREN'T BASED ON A PERCENTAGE OF THAT AMOUNT. IT'S BASED ON A FEE THAT WE CHARGE. COMPLETELY SEPARATED. YES. OKAY.

AND THAT THEN TIES INTO THIS QUESTION OF IF WE HIT ABOUT \$25 CPA, HOW DOES THAT COMPARE TO SAN FRANCISCO OR LAX OR VANCOUVER? AND THAT CAN BE MAYBE A FOLLOW UP ITEM. MY SECOND QUESTION IS, BACK IN THE EARLIER PART OF THE PRESENTATION, I NOTICED THAT CLUBS AND LOUNGES REVENUE IS NOT ANTICIPATED TO HIT THE PREPONDERMIC NUMBERS. IS THAT A FUNCTION OF JUST TOTAL SQUARE FOOTAGE OF LOUNGE SPACE THAT'S OPEN RIGHT NOW? IS IT THAT WE'RE NOT SEEING THE TYPE OF TRAVELER THAT USES LOUNGES COMING BACK AS QUICKLY AS OTHERS? AND AGAIN, MAYBE JUST THAT CAN BE PART OF A NOTE TO COMMISSIONERS AFTER THIS. I THINK THAT'S A BIGGER QUESTION. I'M ALSO INTERESTED IN GETTING A LITTLE BIT MORE DETAIL ABOUT THE SAF PILOT PROJECT. AND SO MAYBE THAT'S ALREADY WRITTEN. IT MIGHT ACTUALLY ALREADY BE IN THE STACK OF MATERIALS THAT WE HAVE, BUT SOMEBODY COULD JUST KIND OF HIGHLIGHT THAT OR SEND ME AN EMAIL ON THAT. AND THEN I THINK MY FINAL QUESTION IS BACK. JUST A COUPLE OF SLIDES ON PAGE 57.

THE DARK GRAY PFC, I DON'T SEE IT ANYWHERE ON THERE. IS THAT BECAUSE WE DON'T USE PFCS FOR CAPITAL, WE USE THAT FOR OPERATION? NO, ACTUALLY MOST OF THE PFCS, THERE'S PROBABLY JUST A FEW MILLION THAT IS USED DIRECTLY. THE VAST MAJORITY OF IT IS USED TO PAY DEBT SERVICE. SO IT DOESN'T SHOW UP AS PART OF THE CAPITAL FUNDING PLAN, BUT IT IS A KEY MECHANISM TO FUND

THE CAPITAL PROGRAM AND TO MITIGATE THE IMPACT OF THOSE RATE INCREASES. SO IF WE PAY DEBT SERVICE WITH PFCS, THAT DEBT SERVICE DOES NOT GO IN THE RATE BASE. AND THAT'S WHY THE INTERNATIONAL ARRIVALS FACILITY A BILLION DOLLAR ASSET. WE'RE STILL ABLE TO MANAGE THE COST THAT GOES INTO THAT RATE BASE TO SOME EXTENT BY USING PFCS. THAT'S JUST AN OPPORTUNITY FOR ME TO GET ON MY HOBBY HORSE AGAIN AND SAY, I SURE WOULD LOVE IT IF WE COULD INCREASE THE PFC AMOUNT TO GET THE AIRLINES TO SUPPORT THE AIRPORTS AND DOING THAT AT THE FEDERAL LEVEL BECAUSE THAT IS DETERMINED BY THE FEDERAL GOVERNMENT. AND FINALLY, JUST A COMMENT TO SAY THAT THIS REPRESENTS A BILLION DOLLARS A YEAR IN CAPITAL IMPROVEMENTS JUST FOR THE AVIATION DIVISIONS. IT'S AN EXTRAORDINARILY BIG PROJECT. I TRULY APPRECIATE THAT WE HAVE THE EXPERTISE IN HOUSE TO MANAGE THESE PROJECTS, BUT IT IS VERY AMBITIOUS. AND STEVE, YOU AND YOUR TEAM HAVE A LOT OF YOU'RE UNDERTAKING A LOT HERE, BUT IT'S NECESSARY FOR US AT THE AIRPORT TO BE ABLE TO MANAGE THE KIND OF DEMAND THAT WE'RE SEEING. THANKS, BORGAN. ANY OTHER. GO AHEAD. COMMISSIONER? YEAH, YEAH, I DIDN'T HEAR THE THIRD QUESTION. BUT THE FIRST TWO QUESTIONS, CPE, WE CAN PROVIDE THE INFORMATION TO YOU. JUST WANT YOU TO BE AWARE, IN MOST CASES, IT'S NOT AN APPLES TO APPLES COMPARISON. CPE IN SAN FRANCISCO OR LAX, IF YOU'RE LOOKING AT THEIR CPE VERSUS OUR CPE IS NOT NECESSARILY THE SAME. IT'S NOT APPLES TO APPLES CALCULATIONS. SO WE JUST NEED TO BE CAUTIOUS OF THAT. REGARDS TO THE LOUNGES, A HUGE DEPENDENCY ON THE LOUNGE IS ACTUALLY INTERNATIONAL TRAFFIC. AND INTERNATIONAL TRAFFIC HAS NOT REBOUNDED TO WHERE IT WAS BEFORE. AND THAT'S ONE OF THE REASON WHY WE HAVE SEEN SUCH A LAG IN TERMS OF THE REVENUES FROM OUR LOUNGES. IT'S BECAUSE OF INTERNATIONAL TRAFFIC THAT'S A MAJOR COMPONENT. THANK YOU, LANCE. THAT HELPS TO UNDERSTAND. AND IF YOU WANT TO FRAME THAT SORT OF COMPARISON TO OTHER HUBS WITH THE APPROPRIATE METRICS OF CPUS AND THE ONE, THEN I'D LOVE TO SEE THAT TOO. OKAY, WE ARE ABOUT FIVE MINUTES PAST TIME, SO I'M GOING TO ASK THE OTHER COMMISSIONER, IF YOU HAVE ADDITIONAL QUESTIONS, LET'S ASK THEM QUICKLY, BUT MAYBE JUST REQUESTING FEEDBACK, INFORMED MEMOS, OR A RESPONSE FROM STEVE AND FUTURE PUBLIC MEETINGS TOO, SO WE CAN GET THAT IN THE PUBLIC RECORD AS WELL. SO WITH THAT, ARE THERE

ANY OTHER QUESTIONS BASED ON THE LATTER HALF OF THE PRESENTATION?

GREAT. GO AHEAD, COMMISSIONER MOHAMED.

HAVE A KIND OF A YES OR NO QUESTION, AND I THINK THIS IS AN IMPORTANT QUESTION FOR THE PUBLIC. AROUND PAGE 49. THE COMMUNITY NOISE MITIGATION PROGRAM, THE SOUND INSTALLATIONS, THESE ARE ALL NEW PROJECTS THAT WE'RE TALKING ABOUT, RIGHT? IT'S NOT REPLACEMENT, BUT THESE ARE NEW HOMES THAT WE'RE INSTALLING THE MITIGATION ON, RIGHT? YEAH, THESE ARE NEW WINDOWS THAT WE ARE PUTTING IN, TRIPLE PANE WINDOWS THAT WE ARE PUTTING IN FOR NOISE INSULATION. AND THEN CAN YOU CLARIFY WHERE THESE DOLLARS ARE COMING FROM? YES,

IT'S GRANT ELIGIBLE, AND I BELIEVE WE'VE GOT ABOUT 80% OF THE ELIGIBLE COSTS WOULD BE FUNDED WITH GRANTS. SO PROBABLY IN THE 70% TO 75% RANGE, WE WOULD EXPECT TO BE COVERED WITH GRANTS. GREAT. AND I JUST WANT TO POINT OUT TOO, THAT THERE IS GOING TO BE A NEW AIRPORT NOISE COORDINATOR THAT WILL PROBABLY BE SUPPORTING THIS AS WELL, RIGHT? CORRECT.

YEAH. THE FTE THAT I MENTIONED, I THINK IS SPECIFICALLY IN OUR NOISE GROUP TO HELP WITH THE PART 150 STUDY. NOW IT JUST GIVES THE DEPARTMENT MORE CAPACITY, BUT IT'S IN

THE NOISE GROUP, NOT IN THE CAPITAL DELIVERY PROJECT MANAGEMENT GROUP, WHICH IS WHERE THE MONEY IS BEING SPENT HERE. GREAT. THANK YOU FOR THOSE ANSWERS. AND I THINK THAT'S IMPORTANT INVESTMENTS THAT ARE IMPORTANT TO THE PUBLIC. IF I COULD JUST ADD REAL QUICK BECAUSE THIS IS VERY IMPORTANT. WE JUST DID A TOUR, ACTUALLY THIS WEEK, NOT LAST WEEK, RATHER. THE NOISE MITIGATION IS FAR MORE THAN JUST WINDOW. IT'S WINDOW. THE DOOR, IT'S HVAC, IT'S IN A VENTILATION. IT IS ACTUALLY FAR MORE COMPLICATED THAN WE WOULD THINK. SO IT'S A WHOLE LOT THAT GOES INTO A SINGLE HOME OR A CONDOMINIUM FOR AN INSULATION PROJECT, A WHOLE LOT.

ANY OTHER QUESTIONS FOR COMMISSIONER? COMMISSIONER CHO, IS HE ON THERE? YEAH, I JUST GET A POINT OF CLARIFICATION. I THINK WHAT COMMISSIONER MOHAMED WAS REFERRING TO OR TRYING TO GET OUT IS WHEN WE'RE TALKING ABOUT NEW, WE'RE NOT TALKING ABOUT LIKE, BASICALLY THESE WINDOWS ARE NEW OR THEY'RE NOT USED. RIGHT. WHAT I THINK SHE WAS TRYING TO GET TO IS WHETHER OR NOT THESE ARE FOLKS WHO'VE NEVER RECEIVED SOUND MITIGATION BEFORE, OR IF THESE ARE PEOPLE WHO MAY HAVE RECEIVED IT AND FAILED AND THEY'RE

RECEIVING NEW INSTALLATION? ONES THAT I'VE NEVER RECEIVED IT BEFORE. CORRECT ME IF I'M WRONG, BUT IT'S ONE THAT I'VE NEVER RECEIVED IT BEFORE. I DON'T KNOW IF THERE'S ANYONE ON THE PHONE FROM ENVIRONMENTAL OR FROM OUR NOISE TEAM FROM PMG. I DO BELIEVE THERE YOU ARE, SIR. I DO BELIEVE WE MIGHT HAVE SOME THAT RECEIVED NOISE MITIGATION OR INSTALLATION VERY EARLY ON AND POTENTIALLY ARE COMING BACK AROUND. NO, THAT'S NOT. ONLY FOR OKAY, SORRY. RESIDENTS THAT HAVE NEVER RECEIVED SOUND INSULATION MITIGATION PACKAGES. OKAY, ONE MORE TIME. SO CAN YOU PLEASE SAY THAT CLEARLY FOR THE PUBLIC? YUP. THIS FUNDING IS FOR RESIDENTS THAT HAVE NOT RECEIVED SOUND INSULATION MITIGATION PACKAGES PREVIOUSLY. THAT'S WHAT WE MEAN WHEN WE SAY NEW. JUST CLARIFYING FOR THE PUBLIC. THANK YOU. THAT'S RIGHT. THAT'S IMPORTANT BECAUSE THERE ARE FOLKS WHO ARE INTERESTED IN US SUPPORTING REPLACEMENT. AND SO THE POINT THAT I'M MAKING IS THAT THERE ARE A LOT OF FOLKS OUT THERE WHO HAVE NOT RECEIVED INSTALLATIONS WHO NEED THAT WORK TO HAPPEN. AND THAT IS CLEARLY BEING PRIORITIZED IN THIS BUDGET. AND SO THAT IS REALLY IMPORTANT FOR THE PUBLIC TO UNDERSTAND THAT THERE ARE A WHOLE LOT OF INVESTMENTS, OVER \$100 MILLION THAT ARE GOING INTO INSTALLATIONS FOR PEOPLE WHO HAVE NOT RECEIVED IT AND ARE GOING TO BE RECEIVING THIS FOR THE FIRST TIME. THANK YOU, COMMISSIONER CHO AND EVERYONE WHO HELPED ANSWER THAT QUESTION. OKAY. COMMISSIONER FELLEMAN. ALL RIGHT, JUST A QUICK OBSERVATION. I WAS SURPRISED THAT WE'RE PEAKING AT 2025 IN THE CIP WHEN THE MEGA PROJECTS STILL EXIST. SO I'M JUST SURPRISED JUST IN FORECASTING FORWARD AND OF COURSE, INCLUDING SAM AND THESE OTHER PROJECTS, IS THAT NOT GIVING US A FALSE IMPRESSION THAT WE'RE GOING TO SEE BUILDING, GOING TO BE EVEN DESIGNED BY THAT TIME? C CONCOURSE? THESE MEGA PROJECTS THAT START THE CASH FLOWS WILL CONTINUE, OBVIOUSLY BEYOND THIS FIVE YEAR PERIOD. WHAT WE'RE LOOKING AT, WITH THE NUMBER OF MEGA PROJECTS HITTING AT ONCE, WE DO SEE THIS AS A PEAK WITH THE CAVEAT THAT NONE OF THESE CASH FLOWS INCLUDE ANY POTENTIAL SPENDING FROM THE SUSTAINABLE AIRPORT MASTER PLAN, NEAR TERM PROJECTS. IF THOSE ARE APPROVED AND IF THEY WERE ADDED ON AND IF THEY IMPACT THIS TIME FRAME, THAT COULD ALTER THE PEAK. EXTENDING IT WILL CHANGE THE NUMBER. I JUST THOUGHT EVEN

WITH THE ONES THAT ARE ON THE DESIGN, THAT WE WOULD BE EXTENDING FURTHER. I DO WANT TO JUST REGARDING THE CPES, THEY WOULD DECLINE AGAIN AFTER WE ARE DONE WITH SOME OF THE CONSTRUCTION OR THEY JUST STAY AT THAT POINT BECAUSE I THOUGHT THIS IS A CLASSIC CYCLICAL THING THAT WHEN AIRPORTS ON THESE BIG GROWTH MODE CPS GO UP AND THEN THEY COME DOWN AGAIN. WELL, YOU'RE ABSOLUTELY RIGHT. AND YOU TEND TO MAKE THESE MAJOR INVESTMENTS EVERY TEN TO 15 TO 20 YEARS. OUR COST PER ENPLANEMENT WAS RELATIVELY STABLE FOR ALMOST 15 YEARS, WHERE IT WAS SORT OF BETWEEN ABOUT \$10 AND \$13. AND IT'S REALLY JUST STARTED TO GO UP IN THE LAST FEW YEARS, ALL ANTICIPATED WITH THESE MAJOR PROJECTS. AND YES, IF THE SPENDING WERE TO SLOW DOWN, WE WOULD SEE THE CPE START TO GO DOWN BECAUSE MOST OF THOSE DEBT SERVICE WILL BE FIXED. AND AS THE PASSENGER LEVEL GOES UP, THE COST PER PASSENGER IS GOING TO GO DOWN. SO ONE OF THE THINGS IS, WHEN WE HAVE SUCH AN AMBITIOUS CIP, ONE OF THE THINGS WE'RE LOOKING AT OUR KPIS, ALL THIS ACRONYM STUFF AND ABC. SO THE QUESTION IS, WE SET OUT A BILLION DOLLAR PROJECTS LAST YEAR. I MEAN, HOW MUCH DID WE GET DONE OVER THE LAST YEAR? AND WHY DOES IT DO WE HAVE BACKLOG OF PROJECTS IN ADDITION TO THIS NEW SET OF WORK? AND I JUST THOUGHT OF ALL THE PROJECTS THAT WE REALLY COULD OF ALL THE CATEGORIES OF WORK THAT WE DO, THAT KPIS COULD BE REALLY HELPFUL IS TO LOOK AT THAT. AND WE KNOW THERE WERE CHALLENGES WITH IAF WE KNOW THERE WERE CERTAIN THINGS THAT HELD US UP, BUT JUST TO UNDERSTAND WHETHER OR NOT WE MET OUR AMBITIONS AND HOW MUCH THAT HANGOVER MIGHT AFFECT OUR ABILITY TO CONTINUE TO MEET OUR FUTURE GOALS. WE DO REPORT THAT ON OUR QUARTERLY REPORTS. I'LL SAY THIS YEAR WE'RE PROBABLY GOING TO WELL, WE'LL GIVE YOU THE THIRD QUARTER REPORT HERE IN ANOTHER COUPLE OF WEEKS, THREE WEEKS PROBABLY, AND YOU'LL SEE WHERE WE ARE. WE'RE GOING TO BE COMING IN PROBABLY IN THAT 75% TO 80% RANGE FOR THIS YEAR, MAYBE A LITTLE BIT LOWER, AND WE'LL EXPLAIN IT AND KERI YOU MAY HAVE SOME ADDITIONAL INSIGHTS OR COMMENTS IN TERMS OF WHERE WE ARE THIS YEAR. YEAH, SO THE ONLY THING I WOULD SAY THERE IS IT'S OUR MEGA PROJECTS THAT REALLY MAKE OR BREAK US AS FAR AS OUR CASH FLOWS AND WHAT WE SPEND ON A YEARLY BASIS. AND OUR SEATTLE GATEWAY PROJECT, WE HAD ANTICIPATED SPENDING QUITE A BIT MORE THIS YEAR. WE DID HAVE SORT OF A CONFIGURATION CHANGE WITH THAT PROJECT AND WENT BACK

AND STARTED DOING SOME MODELING AND SOME MORE REVIEWS. SO IT TOOK US A LITTLE BIT LONGER TO GET TO THIS PLACE WHERE WE'RE READY TO START CONSTRUCTION, BUT THAT WAS ONE OF THE BIGGER ONES WHERE WE DID NOT SPEND NEAR AS MUCH AS WE ANTICIPATED AT THE BEGINNING OF THE YEAR. I HAVE A REALLY SHORT QUESTION, AND I PROMISE I'M DONE. SO I SEE WE'RE CLUSTERING ALL OF OUR AIR CARGO PROJECTS, AND I WAS JUST WONDERING, WE KNOW THAT INTERNATIONAL FLIGHT, BUSINESS FLIGHT IS LAGGING DOMESTIC. HOW'S AIR CARGO DOING? PURE CARGO VERSUS BELLY CARGO IN GENERAL OVERALL SINCE 2019.

IF I COULD JUMP IN REAL QUICK. AIR CARGO PERMISSION IS ACTUALLY ONE OF THE METRICS THAT ACTUALLY WEATHERED THE STORM DURING THE PANDEMIC. WE SAW A VERY, VERY SLIGHT DECLINE IN AIR CARGO DURING THE PANDEMIC. AND ACTUALLY, I THINK IT WILL INCREASE PAST 500,000 METRIC TONS THIS YEAR. BELLY CARGO IS GOING TO INCREASE AS WELL BECAUSE WE HAVE INTERNATIONAL TRAFFIC COMING BACK STRONGLY AS WELL. SO THAT WILL INCREASE. ALL RIGHT, THANK YOU SO MUCH. ALL RIGHT, EXECUTIVE DIRECTOR METRUCK, DO YOU HAVE ANY COMMENTS BEFORE WE CLOSE? I JUST WANT TO COMMENT. THANKS, COMMISSIONERS. THANKS TO THOSE QUESTIONS AND FEEDBACK, THERE'S SOME QUESTIONS IN THERE THAT WE'LL GET BACK THE COMMISSIONER ON, AND THE OTHER ONE IS OUR CAPACITY TO DELIVER ON CAPITAL PROGRAMS. THAT'S SOMETHING AS YOU LOOK AT THOSE, IT JUST DOESN'T HAPPEN. AND WE CONTINUE TO RAMP UP TO TRY TO HAVE THAT INCREASED CAPACITY, BUT REPORT BACK ON OUR ABILITY TO DO THAT AS WE GO FORWARD BECAUSE IT IS A LARGE INCREASE, AS COMMISSIONER FELLEMAN HAS POINTED OUT. THANK YOU. ALL RIGHT. THANK YOU, BORGES. THANK YOU, LANCE. AND THANK YOU, KERI, FOR YOUR PRESENTATION THIS MORNING. IT WAS REALLY HELPFUL. AND WE WILL CONCLUDE OUR STUDY SESSION. THE TIME IS CURRENTLY 11:46. THANKS AGAIN, EVERYONE. WE WILL NEXT CONVENE AT NOON FOR OUR REGULAR BUSINESS MEETINGS. WE'LL SEE YOU IN 14 MINUTES AND WE'RE ADJOURNED. MR. COMMISSION PRESIDENT, WE WILL NEED A FEW MINUTES TO WORK ON OUR TECHNOLOGY, SO I AM GOING TO POST NOTICE THAT WE'LL BE GETTING 15 MINUTES LATE FOR OUR REGULAR MEETING. SEE YOU AT 12:15 THEN.