

START OF TRANSCRIPT

[00:00:27] ALL RIGHT. THIS IS COMMISSION
[00:00:31] PRESIDENT. EXCUSE ME. THERE WE
[00:00:34] GO. THIS IS COMMISSION PRESIDENT SAM,
[00:00:36] CHO. I HAVEN'T BEEN DOING THAT FOR THE
[00:00:37] PAST COUPLE OF WEEKS. CONVENING THE
[00:00:39] SPECIAL MEETING OF OCTOBER 10, 2023RD
[00:00:42] 2023. WOW. I'M TIRED. THE TIME IS 9:07 A. M.
[00:00:46] WE'RE MEETING IN PERSON
[00:00:47] TODAY AT THE PORT OF SEATTLE
[00:00:48] HEADQUARTERS BUILDING COMMISSION
[00:00:50] CHAMBERS AND VIRTUALLY VIA MICROSOFT
[00:00:52] TEAMS CALL IN LINE. PRESENT WITH ME
[00:00:55] TODAY ARE COMMISSIONERS CALKINS,
[00:00:57] FELLEMAN AND MOHAMMED. COMMISSIONER
[00:00:59] HASEGAWA IS EXPECTED TO JOIN US SHORTLY.
[00:01:02] WE ARE MEETING TODAY TO CONDUCT A STUDY
[00:01:04] SESSION REGARDING THE 2024 AVIATION
[00:01:06] DIVISION OPERATING AND CAPITAL BUDGETS
[00:01:08] BEFORE WE GO INTO THE REPRESENTATION.
[00:01:10] EXECUTIVE DIRECTOR METRUCK, DO YOU HAVE
[00:01:12] ANY OPENING COMMENTS YOU WOULD LIKE TO
[00:01:13] MAKE AT THIS TIME? YES. GOOD MORNING,
[00:01:15] COMMISSIONERS. COMMISSIONERS, THIS STUDY
[00:01:18] SESSION MARKS THE THIRD TIME SO FAR THIS
[00:01:20] YEAR THAT WE FOCUSED ON BUDGET ISSUES
[00:01:22] OUTSIDE THE REGULAR PUBLIC COMMISSION
[00:01:24] MEETING SCHEDULE. SO I WANT TO THANK YOU
[00:01:26] BY THANK YOU FOR TAKING SO MUCH TIME OUT
[00:01:29] OF YOUR SCHEDULES TO WORK TOWARD THE
[00:01:30] COMPLETION OF FINAL PASSAGE OF THE
[00:01:32] PORT'S 2024 BUDGET. AT YOUR LAST
[00:01:35] COMMISSION MEETING, YOU HEARD A BRIEFING
[00:01:36] ON THE 2024 CENTRAL SERVICES PRELIMINARY
[00:01:39] BUDGET, AS WELL AS A PORTWIDE ROLL UP
[00:01:42] BRIEFING. PORTWIDE BUDGET ROLL UP
[00:01:45] BRIEFING THIS MORNING WE'LL FOCUS ON THE
[00:01:47] AVIATION BUDGET, AND THEN YOU'LL HEAR A
[00:01:49] PRESENTATION ON THE DRAFT MARITIME AND
[00:01:51] ECONOMIC DEVELOPMENT DIVISION BUDGETS
[00:01:52] DURING YOUR REGULAR MEETING THIS
[00:01:54] AFTERNOON. I THINK YOU'RE MAKING
[00:01:57] GOOD PROGRESS ON YOUR CPA AND YOUR
[00:01:59] FINANCIAL MANAGEMENT QUALIFICATIONS
[00:02:01] GOING FORWARD. THAT'S A LOT OF TIME
[00:02:02] TODAY, AND I REALLY APPRECIATE THAT
[00:02:04] FOCUSED ON THIS. OF COURSE, THE REASON
[00:02:06] THAT WE TAKE EXTRA TIME TO FOCUS ON THE
[00:02:08] AVIATION BUDGET IS ITS SIZE AND
[00:02:10] COMPLEXITY. THE AIRPORT IS APPROXIMATELY
[00:02:13] THREE QUARTERS OF THE PORT'S REVENUES,
[00:02:15] AND ALMOST ALL OF ITS FUNDING AND
[00:02:16] ACTIVITIES ARE GOVERNED BY STRICT
[00:02:18] REGULATION AND OVERSIGHT. FOR EXAMPLE,
[00:02:20] UNDER FAA RULES, DOLLARS GENERATED AT
[00:02:24] THE AIRPORT MUST STAY AT THE AIRPORT
[00:02:25] OTHER THAN COSTS PAID TO CENTRAL
[00:02:27] SERVICES FOR SUPPORT SERVICES. SO THAT
[00:02:30] THE AIRPORT'S REVENUES AND EXPENDITURES
[00:02:31] ARE TRULY A STANDALONE PART OF OUR
[00:02:33] OVERALL BUDGET. LET ME START WITH THE
[00:02:35] GOOD NEWS. WE PROJECT THAT AIR TRAVEL

[00:02:38] WILL HAVE FULLY RECOVERED NEXT YEAR AND
[00:02:40] THAT BOTH PASSENGER NUMBERS AND REVENUES
[00:02:42] WILL EXCEED 2019 LEVELS. NOW FOR THE
[00:02:45] MORE CHALLENGING NEWS. WE PROJECT THAT
[00:02:47] THE AIR TRAVELER WILL HAVE FULLY
[00:02:49] RECOVERED NEXT YEAR AND THAT THE
[00:02:50] PASSENGER NUMBERS WILL EXCEED 2019
[00:02:52] LEVELS. SO THIS IS OBVIOUSLY THE BEST
[00:02:55] TIMES AND HARDER TIMES. I'M OBVIOUSLY
[00:02:58] SPEAKING TONGUE IN CHEEK, BUT AS YOU
[00:03:00] KNOW WELL, THEN, OUR AIRPORT IS
[00:03:02] STRETCHED TO ACCOMMODATE THIS LEVEL OF
[00:03:03] DEMAND WITHIN OUR CONSTRAINED
[00:03:05] FACILITIES, ESPECIALLY BECAUSE OF THE
[00:03:07] SIGNIFICANT CONSTRUCTION TAKING PLACE
[00:03:09] OVER THE NEXT FEW YEARS TO CREATE THE
[00:03:11] KIND OF FACILITIES AND CUSTOMER
[00:03:12] EXPERIENCE THAT WE WANT TO OFFER OUR
[00:03:14] TRAVELERS. SO WE HAVE TO BUILD AS WE'RE
[00:03:17] OPERATING. THE AIRPORT'S CAPITAL PROGRAM
[00:03:20] IS GOING TO BE A MAJOR THEME FOR TODAY'S
[00:03:21] PRESENTATION, INCLUDING ITS KEY
[00:03:23] OBJECTIVES AND AN OVERALL OVERVIEW OF
[00:03:25] THE MAJOR PROJECTS AND PROGRAMS.
[00:03:27] DELIVERING THE CAPITAL PROGRAM WILL BE
[00:03:29] AN INCREDIBLE CHALLENGE, BUT ALSO AN
[00:03:31] AMAZING OPPORTUNITY TO UPGRADE SEA INTO
[00:03:33] A WORLD CLASS FACILITY WE ALL WANT IT TO
[00:03:37] BE. SECOND, YOU'LL HEAR A LOT OF
[00:03:39] DISCUSSION ABOUT THE WAYS IN WHICH THE
[00:03:41] PROPOSED AVIATION BUDGET IS FOCUSED ON
[00:03:43] ACHIEVING MANY OTHER GOALS BEYOND
[00:03:44] CUSTOMER EXPERIENCE, INCLUDING
[00:03:46] ENVIRONMENTAL SUSTAINABILITY, EQUITY,
[00:03:48] AND JUST AS IMPORTANTLY, TAKING CARE OF
[00:03:50] OUR WORKFORCE AND ENSURING STRONG
[00:03:52] RECRUITMENT AND RETENTION OF OUR STAFF.
[00:03:55] I BELIEVE YOU'LL FIND THAT TODAY'S
[00:03:56] PRESENTATION IS FULLY ALIGNED WITH OUR
[00:03:58] MISSION, VALUES AND GOALS. BEFORE I TURN
[00:04:01] THINGS OVER TO LANCE AND AYE. TEAM TO
[00:04:03] WALK US THROUGH TODAY'S PRESENTATION,
[00:04:05] MANAGING DIRECTOR LANCE LITTLE FROM
[00:04:07] AVIATION. I WANT TO GIVE A SPECIAL
[00:04:09] ACKNOWLEDGEMENT TO HEIDI PUPCHOC WHO IS
[00:04:13] GOING THROUGH THIS PROCESS FOR THE VERY
[00:04:14] FIRST TIME. AND SHE'S DONE A FANTASTIC
[00:04:17] JOB. AND KUDOS TO HER AND HER TEAM IN
[00:04:19] AVIATION FINANCE FOR THEIR EXCEPTIONAL
[00:04:21] WORK SO FAR. SO WITH THAT, I LOOK
[00:04:24] FORWARD TO TODAY'S CONVERSATION. AND
[00:04:26] WITH THAT, I'LL NOW TURN IT OVER TO
[00:04:29] MANAGING DIRECTOR OF AVIATION LANCE
[00:04:31] LITTLE, WHO WILL KICK US OFF. LANCE,
[00:04:35] BEFORE WE GET STARTED REAL QUICK, I
[00:04:37] THINK COMMISSIONER FELLEMAN HAD A QUICK
[00:04:40] QUESTION. I GREATLY APPRECIATE LANCE'S
[00:04:44] REMOTE, I TAKE IT. YEAH. THANK YOU.
[00:04:50] I THOUGHT STEVE WAS GOING TO GO THROUGH
[00:04:51] A LITTLE BIT OF JUST MORE OF THE GENERIC
[00:04:54] STRATEGIC BUDGET PROCESS WHICH ARE THE
[00:04:57] NEXT THREE PAGES BEFORE LANCE GOT INTO
[00:04:59] IT. BUT IN GOING THROUGH THE DISCUSSION

[00:05:02] THAT WE'RE GOING TO HAVE TODAY, I'M JUST
[00:05:05] INTERESTED TO SEE HOW IF YOU LOOK AT THE
[00:05:11] SECOND PAGE INTO THIS DISCUSSION, WE
[00:05:13] HAVE JUST THE BROAD CENTURY AGENDA
[00:05:15] DRIVES, DIVISION PLANS AND BUDGETS,
[00:05:17] WHICH IS STEVE, WHAT I THOUGHT YOU WERE
[00:05:18] GOING TO GO THROUGH. BUT THE THING
[00:05:22] THAT I DON'T SEE HERE, WHERE WE HAVE
[00:05:25] JUST, IF YOU LOOK AT THE THIRD BUCKET
[00:05:27] DOWN, EXECUTIVE DIRECTOR PRIORITIES, WE
[00:05:30] HAVE THE ANNUAL PRIORITIES IDENTIFIED BY
[00:05:32] THE ELT AND APPROVED BY THE ED.
[00:05:35] AT NO PLACE DO I SEE COMMISSIONER
[00:05:37] PRIORITIES INTEGRATED INTO THE FIRST
[00:05:40] THREE GOALS. I MEAN, IT JUST STRIKES ME
[00:05:42] THAT THE PROCESS THAT WE NORMALLY GO
[00:05:45] THROUGH IS COMMISSIONERS. WE HAVE A
[00:05:48] PROCESS BY WHICH COMMISSION INPUT IS
[00:05:49] DONE, BUT IT'S NOT EVEN RECOGNIZED,
[00:05:53] AS I CAN SEE IT, IN THE DEVELOPMENT
[00:05:56] OF THE STRATEGIC AGENDA FOR THE PLAN.
[00:05:59] AND I JUST THINK THAT IT'S IMPORTANT
[00:06:01] BECAUSE WHEN WE COME UP TO THEN
[00:06:03] DISCUSSIONS OF WHAT THE KPIS ARE, THESE
[00:06:06] SHOULD REFLECT AN INTEGRATION OF
[00:06:08] COMMISSION PRIORITIES. AND I DON'T
[00:06:09] REALLY UNDERSTAND AFTER GOING THROUGH
[00:06:13] THIS WHAT A BUDGET AMENDMENT PROCESS
[00:06:15] MIGHT LOOK LIKE. AND THEN WHEN WE TALK
[00:06:17] ABOUT AND I'LL GET INTO THAT ONCE LANCE
[00:06:20] GETS GOING. BUT THERE ARE QUESTIONS THAT
[00:06:23] I HAVE ABOUT THE SETTING OF THE KPIS,
[00:06:26] BUT ALSO THE TOOLS THAT WE USE TO
[00:06:28] MEASURE. AND THE QUESTION I ALWAYS HAVE
[00:06:30] IS THE QUESTION ABOUT WHY IS SKYTRACKS
[00:06:33] AND JD. POWERS SO DIFFERENT? BUT THAT
[00:06:36] WAS SOMETHING MUCH MORE DETAILED TO GET
[00:06:37] INTO, BUT PERHAPS YOU CAN JUST SHOW ME
[00:06:39] HOW YOU SEE. AND I THINK THIS HAS BEEN A
[00:06:42] FLUID PROCESS. THAT'S WHY I'M ASKING FOR
[00:06:44] IT TO BE BETTER DEFINED. WELL, I THINK
[00:06:46] WE SET UP THE PROCESS AND RATHER THAN
[00:06:49] GOING THROUGH WE'VE DISCUSSED THIS
[00:06:51] BEFORE WHEN WE AMENDED THE CENTURY
[00:06:53] AGENDA, BEFORE WE SET UP THIS PROCESS,
[00:06:55] WHERE THAT'S WHERE THE HIGH LEVEL
[00:06:58] GUIDANCE COMES IN AND THEN WE BREAK IT
[00:07:00] DOWN INTO THE BUSINESS PLANNING THAT
[00:07:03] ACCOMPLISHES TOWARDS THOSE SENSOY
[00:07:04] AGENDA GOALS. AND SPECIFICALLY THOSE
[00:07:09] ARE IN ALIGNMENT WITH THOSE AND THAT'S
[00:07:10] WHY THE STAFF DEVELOPS THOSE. SO I DON'T
[00:07:13] THINK THOSE ARE DIFFERENT. THE
[00:07:15] COMMISSION PRIORITIES COME IN AS THE
[00:07:17] DIRECTION IS OF THE NORTH STAR THAT
[00:07:18] WE'RE DRIVING TOWARDS. IN ORDER TO DO
[00:07:20] THAT, I DON'T KNOW IF THERE'S SOMETIMES
[00:07:23] WELL, ANNUALLY WE GET SOME SPECIFIC
[00:07:27] THINGS, BUDGET PRIORITIES FOR
[00:07:28] COMMISSIONERS THAT COMMISSIONERS ARE
[00:07:30] INTERESTED IN. BUT IN NORMAL WE'RE IN
[00:07:33] TOTAL ALIGNMENT. I'M DRIVING TOWARDS
[00:07:34] THOSE LARGER GOALS. AND SO THAT'S HOW WE

[00:07:37] ENVISION THE PROCESSES SET UP TO DO
[00:07:39] THAT. NOT ON THE ANNUAL GOALS, NOT FOR
[00:07:42] THE COMMISSION TO HAVE ANNUAL GOALS FOR
[00:07:44] US TO DRIVE TOWARDS THAT. THEY WOULD BE
[00:07:46] MORE ON THE STRATEGIC GOALS THAT WE'RE
[00:07:49] TRYING TO ACHIEVE WITHIN THAT. WELL, AS
[00:07:52] IS ALWAYS STATED THAT THE BUDGET IS THE
[00:07:54] MORAL DOCUMENT AND THAT WHILE THE
[00:07:57] CENTURY AGENDA GOALS ARE SO BROAD,
[00:07:59] THEY'RE KIND OF HARD TO AND THEIR GOALS
[00:08:01] ARE SET. BUT THE AGENDA OBJECTIVES WOULD
[00:08:05] BE STILL WITHIN THE FIVE YEAR
[00:08:06] PRIORITIES, WHERE I THINK COMMISSIONER
[00:08:08] INPUT ON THE FIVE YEAR PRIORITIES MAKES
[00:08:11] SENSE, BUT IN ANY GIVEN YEAR AND I THINK
[00:08:13] LANCE DOES A GOOD JOB IN CALLING OUT
[00:08:16] SOME OF THE COMMISSION PRIORITIES THAT
[00:08:17] ARE IN THERE SPECIFICALLY. BUT I JUST
[00:08:19] THINK THAT IF WE'RE TALKING ABOUT HOW A
[00:08:23] PORT WIDE BUDGET IS GENERATED, I WOULD
[00:08:26] LIKE TO SEE DESCRIBED HERE THAT
[00:08:29] COMMISSION INPUT IS DIRECTLY INTEGRATED.
[00:08:32] AND I REALLY DO BELIEVE THAT THIS IS WHY
[00:08:34] WE'RE GOING THROUGH THIS PROCESS. WE
[00:08:35] HAVE EXHAUSTIVE BUDGET DISCUSSIONS ON
[00:08:39] EACH LIAISON AND I THINK WHETHER IT BE
[00:08:42] THE TUNNEY REPORT OR WHATEVER HUGO FOUR
[00:08:45] REFERRED TO AS, I JUST THINK
[00:08:48] IT'S MISSING. SO THANK YOU FOR YOUR
[00:08:51] COMMENTS. LET IT BE KNOWN HERE FORTH
[00:08:54] THAT IT'S CALLED THE TINY REPORT.
[00:08:57] LANCE, TAKE IT AWAY. YEAH. GOOD MORNING,
[00:09:00] STEVE. AND GOOD MORNING, COMMISSIONER.
[00:09:04] COMMISSIONER FELLEMAN, I HOPE WE'LL
[00:09:05] ANSWER YOUR QUESTION IN THE NEXT FEW
[00:09:09] SLIDES COMING UP AND HOPEFULLY YOU'LL
[00:09:11] FEEL A LITTLE BIT MORE COMFORTABLE. THE
[00:09:13] PROCESS, HOWEVER, HEIDI IS GOING TO KICK
[00:09:15] US OFF AND THEN HEIDI IS GOING TO HAND
[00:09:16] OVER TO ME. AND I MUST ALSO JUST
[00:09:20] REITERATE WHAT STEVE SAID. THIS IS THE
[00:09:21] FIRST TIME HEIDI'S GOING THROUGH THIS
[00:09:24] PROCESS AND I JUST THINK SHE'S DONE A
[00:09:25] TREMENDOUS JOB. SO HEIDI, IF YOU COULD
[00:09:28] KICK US OFF AND THEN YOU CAN HAND OVER
[00:09:30] TO ME AND I'LL TAKE IT THROUGH THE FEW
[00:09:32] SLIDES AND THEN HAND BACK OVER TO YOU.
[00:09:34] YES, SOUNDS GOOD. GOOD MORNING. HEIDI
[00:09:36] PAPACHOK, DIRECTOR OF AVIATION FINANCE
[00:09:38] AND BUDGET. TODAY WE WILL PROVIDE YOU
[00:09:42] WITH OUR 2023 PRELIMINARY BUDGET. AN
[00:09:45] OUTLINE. TODAY, MANAGING DIRECTOR LITTLE
[00:09:48] WILL DESCRIBE OUR STRATEGY TO BUDGET,
[00:09:51] ALSO STRATEGIC PRIORITIES. AND THEN I
[00:09:53] WILL WALK YOU THROUGH OUR BUDGET
[00:09:56] OVERVIEW AS WELL AS OUR OPERATING BUDGET
[00:09:59] AND ALSO LOOKING AT OUR FIVE YEAR
[00:10:01] CAPITAL FORECAST, OUR FIVE YEAR
[00:10:04] FINANCIAL FORECAST, AS WELL AS AN
[00:10:06] OVERVIEW OF OUR EQUITY SPENDING FOR
[00:10:08] 2024. AND PLEASE NOTE, WE DO HAVE A
[00:10:11] NUMBER OF SLIDES IN THE APPENDIX FOR
[00:10:15] YOUR REFERENCE. AND WITH THAT, I'LL GO

[00:10:18] AHEAD AND TURN THAT OVER TO MANAGING
[00:10:21] DIRECTOR LITTLE TO WALK US THROUGH THE
[00:10:22] STRATEGY TO THANK YOU,
[00:10:26] HEIDI, I REALLY, REALLY APPRECIATE. SO
[00:10:28] COMMISSIONERS, THE PROCESS THAT WE GO
[00:10:32] THROUGH AND I GUESS MAYBE TO ADDRESS
[00:10:34] SOME OF THE THINGS THAT COMMISSIONER
[00:10:36] FELLEMAN OR SOME OF THE QUESTIONS
[00:10:37] COMMISSIONER FELLEMAN JUST ASKED. IT'S A
[00:10:39] TOP DOWN, BOTTOM UP APPROACH THAT WE
[00:10:43] HAVE. AS YOU CAN SEE FROM THIS DIAGRAM,
[00:10:46] THE CENTURY AGENDA AND THE PRIORITIES OF
[00:10:48] THE COMMISSIONERS ARE THE KEY MAIN
[00:10:51] DRIVER FOR OUR BUDGET AND OF COURSE,
[00:10:52] THE EXECUTIVE DIRECTOR'S PRIORITIES AS
[00:10:55] OUTLINED HERE. EVERYTHING THAT WE DO AS
[00:10:59] PART OF THE BUDGET, THE EXPECTATION IS
[00:11:01] THAT IT'S IN ALIGNMENT WITH THE GOALS,
[00:11:04] PRIORITIES OF THE ORGANIZATION. AND
[00:11:06] THOSE GOALS AND PRIORITIES ARE
[00:11:08] ESTABLISHED BY THE COMMISSIONER AND THE
[00:11:10] EXECUTIVE DIRECTOR. SO THIS MAY NOT HAVE
[00:11:13] EVERY SINGLE DETAIL OF THE PROCESS AND
[00:11:15] I'M HOPING WE'LL GET INTO SOME MORE OF
[00:11:17] IT ON THE NEXT SLIDE. BUT IT IS DRIVEN
[00:11:20] BY THE PRIORITIES OF THE COMMISSIONERS
[00:11:22] AND THE EXECUTIVE DIRECTOR. AND WE IN
[00:11:24] THE VARIOUS DIFFERENT DIVISIONS
[00:11:26] ESTABLISH OUR LONG TERM GOALS TO SUPPORT
[00:11:30] THOSE OBJECTIVES. AND OF COURSE, THE
[00:11:32] BUDGET IS THE RESOURCE OR THE RESOURCES
[00:11:34] THAT WE NEED IN ORDER TO EXECUTE ON
[00:11:36] THAT. AND I'M GOING TO SPEAK A WHOLE LOT
[00:11:37] MORE ON THAT ON THE NEXT SLIDE.
[00:11:42] SO COMMISSIONER FELLEMAN AND OTHER
[00:11:44] COMMISSIONERS, I'M HOPING WE'LL ANSWER
[00:11:46] THAT QUESTION BY THE TIME WE GET THROUGH
[00:11:48] THE REST OF THIS PRESENTATION. NEXT
[00:11:50] SLIDE, PLEASE. SO, SINCE COMMISSIONER
[00:11:54] FELLEMAN RAISED IT, I WILL MAYBE SPEND A
[00:11:56] LITTLE MORE TIME GOING THROUGH THIS. AS
[00:11:59] YOU CAN SEE ON THIS DIAGRAM, WE
[00:12:01] SPECIFICALLY HAVE THE CENTURY AGENDA AT
[00:12:03] THE TOP BECAUSE THAT'S WHERE THE
[00:12:05] COMMISSION PRIORITIES ARE HELD AND
[00:12:08] EVERYTHING THAT WE DO ALL THE WAY DOWN
[00:12:11] TO OUR PERFORMANCE PLANS AND THE BUDGET
[00:12:13] IS IN ALIGNMENT WITH THAT. THIS IS A
[00:12:16] PROCESS THAT HAD STARTED MANY, MANY
[00:12:18] YEARS AGO. WE HAVE TWEAKED IT AND
[00:12:19] REFINED IT OVER THE YEARS. IT'S GREAT TO
[00:12:21] SEE THAT THE ORGANIZATION HAS ADOPTED
[00:12:23] THIS. BUT LET ME JUST WALK YOU THROUGH
[00:12:25] REAL QUICK. AGAIN, WE START WITH THE
[00:12:27] CENTRAL AGENDA. WE LOOK AT WHAT IS THE
[00:12:28] LONG TERM GOALS, VISION, OBJECTIVE,
[00:12:31] MISSION THAT'S ESTABLISHED THERE. THEN
[00:12:33] WE ESTABLISH THE LONG TERM GOALS FOR THE
[00:12:36] AIRPORT THAT'S IN ALIGNMENT WITH THE
[00:12:39] CENTRAL AGENDA. AND THOSE ARE TYPICAL IN
[00:12:41] A FIVE TO TEN YEAR BASIS. AND WE HAVE A
[00:12:44] VISION IN SESSION THAT WE GO THROUGH AT
[00:12:46] THE AIRPORT AND WE LOOK AT WHAT DO WE

[00:12:48] WANT THE AIRPORT TO LOOK, FEEL LIKE AND
[00:12:50] OPERATE OVER THE NEXT FIVE TO TEN YEARS.
[00:12:53] NOW, ONCE WE HAVE ESTABLISHED THAT, WE
[00:12:55] DO A SWOT ANALYSIS AND THE REASON WE DO
[00:12:58] THE SWOT ANALYSIS IS THAT WE KNOW THAT
[00:13:00] WE'RE NOT OPERATING IN A VACUUM. WE'RE
[00:13:02] TRYING TO GET TO THESE GOALS, WE'RE
[00:13:05] TRYING TO GET TO THIS MISSION. BUT WE
[00:13:07] HAVE WEAKNESSES WITHIN THE ORGANIZATION
[00:13:09] THAT WE HAVE TO OVERCOME. WE HAVE
[00:13:10] STRENGTH THAT WE HAVE TO LEVERAGE.
[00:13:12] THERE ARE OPPORTUNITIES OUTSIDE THE
[00:13:15] ORGANIZATION THAT WE HAVE TO TAKE
[00:13:17] ADVANTAGE OF AND THERE ARE THREATS
[00:13:18] OUTSIDE THE ORGANIZATION THAT WE HAVE TO
[00:13:20] MITIGATE. AND SO WE DO WHAT'S CALLED A
[00:13:22] SWOT ANALYSIS, A DETAILED SWOT ANALYSIS,
[00:13:25] AND THEN WE SUMMARIZE THAT IN THE FORM
[00:13:28] OF A SWOT PROFILE AND I'LL SPEAK ABOUT
[00:13:29] THAT A LITTLE BIT MORE IN THE NEXT
[00:13:32] SLIDE. NOW, ONCE WE HAVE DONE THAT, WE
[00:13:33] DO WHAT'S CALLED A GAP ANALYSIS. WE LOOK
[00:13:35] AT WHERE WE'RE TRYING TO GET TO VERSUS
[00:13:37] WHERE WE ARE RIGHT NOW. AS AN EXAMPLE,
[00:13:39] WE'RE TRYING TO GET TO MINIMUM CONNECT
[00:13:41] TIME OF 75 MINUTES, RIGHT? WE'RE WELL
[00:13:45] OVER 90 MINUTES. WE WERE WELL OVER 90
[00:13:47] MINUTES BEFORE WE BUILD THE
[00:13:48] INTERNATIONAL ARRIVAL FACILITY AS AN
[00:13:51] EXAMPLE. WE'RE STILL NOT THERE AT THAT
[00:13:52] 75 MCT OR MINIMUM CONNECT TIME AS YET.
[00:13:56] BUT THAT'S A GOAL THAT WE'RE TRYING TO
[00:13:57] GET TO. ANOTHER ONE IS WE'RE TRYING TO
[00:13:59] GET TO A FIVE STAR RATED AIRPORT. WE HAD
[00:14:01] FOUR STAR, RIGHT? SO THERE'S A GAP THAT
[00:14:03] EXISTS. AND SO ONCE WE LOOK AT THESE GAP
[00:14:05] AS PART OF THE GAP ANALYSIS, THEN WE
[00:14:07] LOOK AT WHAT ARE THE ACTIVITIES THAT WE
[00:14:09] MUST DO IN ORDER TO REDUCE THOSE GAPS OR
[00:14:12] ELIMINATE THOSE GAPS TO GET US TO
[00:14:15] OUR LONG TERM GOAL. TAKING INTO
[00:14:17] CONSIDERATION ALL THE THINGS THAT WE
[00:14:19] LOOKED AT AS PART OF THE SWOT ANALYSIS.
[00:14:22] AND THOSE ACTIVITIES ARE THE KEY PART OF
[00:14:25] OUR STRATEGIC PLAN, WHICH IS OUR THREE
[00:14:27] TO FIVE YEAR STRATEGIC PLAN. AND AS PART
[00:14:29] OF THAT PROCESS, WE ALSO SET WHAT ARE
[00:14:31] THE STRATEGIC OBJECTIVES AND THE KPIS
[00:14:34] THAT WE'RE GOING TO USE TO CLOSE THOSE
[00:14:36] GAPS TO GET US TO OUR LONG TERM GOAL.
[00:14:38] THAT IS THE STRATEGIC PLANNING PART OF
[00:14:41] THE PROCESS. THERE'S TWO PARTS OF THE
[00:14:42] PROCESS, THE PLANNING PART AND THE
[00:14:44] IMPLEMENTATION PART. SO THAT IS A
[00:14:46] STRATEGIC PLANNING PART OF THE PROCESS
[00:14:48] THAT WE GO THROUGH AND THAT'S ON A THREE
[00:14:50] TO FIVE YEAR BASIS. AND ONCE WE HAVE
[00:14:52] DONE THAT NOW THIS IS WHERE THE RUBBER
[00:14:53] MEETS THE ROAD. WE DO THE ANNUAL
[00:14:56] BUSINESS PLAN. SO EACH YEAR WE'LL HAVE A
[00:14:58] 2023, 2024. THEN WE'LL HAVE A 2025
[00:15:01] BUSINESS PLAN. AND THIS IS WHERE THE
[00:15:02] RUBBER MEETS THE ROAD. THIS IS WHERE WE

[00:15:04] LOOK AT ALL THE SPECIFIC ACTIVITIES THAT
[00:15:06] WE MUST DO EACH YEAR IN ORDER TO
[00:15:09] ACHIEVE THE STRATEGIC OR THREE TO FIVE
[00:15:11] YEAR GOALS THAT WE HAVE. AND OF COURSE
[00:15:13] THAT'S ALIGNED WITH THE LONG TERM VISION
[00:15:15] THAT WE HAVE, WHICH IS IN ALIGNMENT WITH
[00:15:17] THE CENTURY AGENDA. SO YOU CAN SEE THAT
[00:15:19] ALIGNMENT. AND ONCE WE HAVE LOOKED AT
[00:15:22] ALL THE ACTIVITIES THAT WE NEED TO GET
[00:15:24] DONE AND WE PRIORITIZE THEM, THEN WE
[00:15:26] LOOK AT WHAT RESOURCES DO WE NEED IN
[00:15:28] TERMS OF PEOPLE, IN TERMS OF EQUIPMENT,
[00:15:31] AND IN TERMS OF MONEY. AND THAT'S HOW
[00:15:33] THE BUDGET IS CREATED. SO THE BUDGET,
[00:15:35] AS OF YOU MIGHT HAVE HEARD ME SAY
[00:15:37] BEFORE, IS A MEANS TO AN END. IT'S NOT
[00:15:39] THE END. THE END IS THE VISION, THE
[00:15:40] MISSION, THE LONG TERM GOALS THAT WE'RE
[00:15:42] TRYING TO ESTABLISH. THE BUDGET IS THE
[00:15:44] RESOURCES THAT WE NEED EACH YEAR TO GET
[00:15:47] US THERE. ALSO, ONCE WE HAVE COMPLETED
[00:15:49] OUR 2024, 2025, OUR ANNUAL BUSINESS
[00:15:52] PLAN, THAT ALSO FORMS A BASIS FOR THE
[00:15:55] PERFORMANCE PLAN FOR EACH OF THE TEAM
[00:15:57] MEMBERS WITHIN THE ORGANIZATION. SO THAT
[00:16:00] IS THE PROCESS THAT WE GO THROUGH.
[00:16:03] THERE ARE OTHER WAYS TO DO IT. WE'RE NOT
[00:16:05] SAYING THIS IS THE ONLY WAY, BUT THIS IS
[00:16:06] THE ONE THAT WE USE. AND IT TYPICALLY
[00:16:08] WORKS REALLY WELL BECAUSE IT ALIGNED THE
[00:16:11] BUDGET RESOURCES THAT WE'RE ASKING FOR
[00:16:14] WITH OUR LONG TERM STRATEGIC PLAN. IT
[00:16:17] REDUCES THE GAP THAT WE HAVE IDENTIFIED
[00:16:19] IN OUR GAP ANALYSIS. IT TAKES INTO
[00:16:22] CONSIDERATION ALL THE THINGS THAT WE
[00:16:23] CONSIDER AS PART OF OUR SWOT ANALYSIS.
[00:16:25] AND EVENTUALLY THE EXPECTATION IS THAT
[00:16:27] IT WILL GET US TO THE CENTURY AGENDA
[00:16:30] GOALS AND THE VISION MISSION OF THE
[00:16:32] ORGANIZATION AS ESTABLISHED BY THE
[00:16:35] COMMISSIONERS AND THE EXECUTIVE
[00:16:36] DIRECTOR. SO THAT'S THE OVERALL STRATEGY
[00:16:38] TO PUGET PROCESS. I'M NOT SURE IF WE'RE
[00:16:40] DOING QUESTIONS DURING OR WAIT UNTIL THE
[00:16:41] END TO DO QUESTIONS. EXCUSE ME,
[00:16:44] LANCE, THANK YOU FOR THAT CLARIFICATION,
[00:16:47] BUT I DID SAY AT THE BEGINNING THAT YOU
[00:16:49] DID A GOOD JOB. AGAIN, IF YOU LOOK AT
[00:16:51] PAGE 33, YOU CALL OUT COMMISSION 2024
[00:16:54] PRIORITIES. SO SPECIFICALLY, THE CENTURY
[00:16:58] AGENDA WAS SET YEARS AGO. I'M THE ONLY
[00:17:01] ONE IN THE ORGANIZATION PROBABLY UP HERE
[00:17:04] THAT HAD ANY INPUT WHATSOEVER.
[00:17:07] BUT IT WAS NOT THIS COMMISSION'S GOALS.
[00:17:10] AND WE TALKED ABOUT WE HAD, LIKE,
[00:17:13] DOUBLING AIR CARGO OR WHATEVER.
[00:17:17] IT MAY BE AN IMPORTANT GOAL STILL, BUT
[00:17:20] THAT WAS ONE OF THEM THAT WE LOOKED AT
[00:17:21] POTENTIALLY. IS THAT STILL THE RELEVANT
[00:17:23] QUESTION FOR OUR KPIS TO MEASURE? SO I
[00:17:27] ONLY TAKE EXCEPTION OF THE FACT THAT THE
[00:17:29] CENTURY AGENDA GOALS ARE SOMETHING WE'VE
[00:17:30] ADOPTED, BUT IT WASN'T SOMETHING

[00:17:32] SPECIFICALLY THAT THIS COMMISSION
[00:17:34] IMPLEMENTED. HOW THESE GOALS
[00:17:36] CONSISTENTLY ARE IMPLEMENTED IS THIS
[00:17:39] COMMISSION'S PURVIEW. AND I APPRECIATE
[00:17:41] YOU ACKNOWLEDGING AT LEAST SOME OF THE
[00:17:43] ONES THAT ARE FOR 2024,
[00:17:46] WHICH IS MORE SPECIFIC THAN THE FIVE
[00:17:49] YEAR PLAN OF THE HIGHER LEVEL STUFF. SO
[00:17:51] I JUST WANT TO MAKE SURE I CONCUR WITH
[00:17:53] WHAT YOU SAID AND I APPRECIATE THE FACT
[00:17:56] THAT YOU DRILLED DOWN IN THE COURSE OF
[00:17:57] THIS PRESENTATION, AND NOW I'LL LET YOU
[00:17:59] MAKE THE PRESENTATION. YEAH. AND KUDOS
[00:18:01] AGAIN TO HEIDI AND THE TEAM BECAUSE THEY
[00:18:03] DO A LOT OF THE DETAILED WORK THERE.
[00:18:06] AND YOU'RE RIGHT, COMMISSIONER. EVEN OUR
[00:18:08] FIVE TO TEN YEAR GOALS. THEY WERE
[00:18:09] ESTABLISHED A LONG TIME AGO. WE
[00:18:11] ESTABLISHED THEM SEVERAL YEARS AGO. BUT
[00:18:13] EACH YEAR WE LOOK AT WHAT ACTIVITIES
[00:18:14] THAT WE NEED TO DO. AND EACH YEAR AS
[00:18:16] PART OF THIS PROCESS, REMEMBER, WE HAVE
[00:18:18] THE COMMISSION SESSION WHERE THE
[00:18:20] COMMISSIONERS ESTABLISH THOSE
[00:18:22] PRIORITIES. SO STEVE AND THE ELT TEAM
[00:18:25] AND THE AIRPORT TEAM, WE ALSO LOOK AT
[00:18:27] WHAT THE PRIORITIES ARE THAT YOU GUYS
[00:18:29] ARE SETTING EACH YEAR. AND AS
[00:18:33] MUCH AS WE CAN, WE INCLUDE THOSE AS PART
[00:18:36] OF THE ANNUAL BUDGETING PROCESS. AND THE
[00:18:38] ONES THAT YOU SEE ARE JUST SOME IT'S NOT
[00:18:40] EVEN ALL, IT'S SOME OF THE COMMISSIONER
[00:18:42] PRIORITIES THAT WE HAVE ESTABLISHED.
[00:18:43] BECAUSE WE'RE NOT SHOWING EVERYTHING IN
[00:18:45] THIS PRESENTATION, IT WOULD MAYBE TAKE
[00:18:47] FIVE TIMES THE AMOUNT OF TIME THAT WE
[00:18:50] HAVE TODAY. ALL RIGHT, NEXT SLIDE,
[00:18:52] PLEASE.
[00:18:58] OKAY, SO THIS JUST TO GET JUST GOING TO
[00:19:01] JUST A LITTLE BIT MORE. AS I MENTIONED
[00:19:04] ON THE PREVIOUS SLIDE, WE DO A SWOT
[00:19:07] ANALYSIS. AND WITH THE SWOT ANALYSIS,
[00:19:09] WE LOOK AT OUR INTERNAL STRENGTH AND
[00:19:10] WEAKNESSES. WE LOOK AT EXTERNAL
[00:19:12] OPPORTUNITIES AND THREATS, AND WE COME
[00:19:14] UP WITH A DETAILED SWOT ANALYSIS.
[00:19:17] HOWEVER, WE REALLY CAN'T FOCUS ON
[00:19:20] EVERYTHING THAT WAS IN THE SWOT
[00:19:22] ANALYSIS. SO WHAT WE DO IS SUMMARIZE IT
[00:19:24] INTO WHAT WE CALL A SWOT PROFILE. AND
[00:19:26] WHAT'S IN THE SWOT PROFILE IS WE
[00:19:29] PRIORITIZE WHICH ARE THE STRENGTHS THAT
[00:19:31] WE'RE REALLY GOING TO FOCUS ON DURING
[00:19:34] THIS PUGET CYCLE OR DURING THIS
[00:19:36] STRATEGIC PLANNING CYCLE, WHICH ARE THE
[00:19:38] WEAKNESSES THAT WE'RE GOING TO FOCUS IN
[00:19:40] ON OVERCOMING? WHAT OPPORTUNITIES ARE WE
[00:19:43] GOING TO TAKE ADVANTAGE OF THAT'S
[00:19:45] EXTERNAL TO OUR ORGANIZATION AND WHAT
[00:19:47] ARE THE EXTERNAL THREATS THAT WE REALLY
[00:19:49] NEED TO FOCUS ON MITIGATING? WE CAN'T
[00:19:50] FOCUS ON TEN OR 15 THINGS, RIGHT? WE CAN
[00:19:53] FOCUS ON MAYBE THREE TO FIVE THINGS.

[00:19:55] AND THAT'S HOW WE COME UP WITH A SWOT
[00:19:57] PROFILE. AND THESE, AGAIN, ARE THE
[00:19:59] THINGS THAT WE'RE GOING TO EITHER
[00:20:00] LEVERAGE TO GET US TO OUR GOALS OR WE
[00:20:04] NEED TO MITIGATE IN ORDER TO GET US TO
[00:20:06] OUR GOALS. SO THAT'S WHAT THE
[00:20:08] UTILIZATION OF THE SWOT PROFILE FOR US.
[00:20:10] NEXT SLIDE, PLEASE.
[00:20:14] SO THESE ARE THE TEN PRIMARY
[00:20:18] AREAS THAT WE'RE FOCUSING ON. MOST
[00:20:20] ORGANIZATION CEO OR MANAGING DIRECTOR
[00:20:23] WILL SAY, HOW CAN YOU HAVE TEN GOALS?
[00:20:26] YOU CAN'T REALLY FOCUS ON MORE THAN,
[00:20:29] SAY, THREE PRIMARY GOALS AT A TIME. AND
[00:20:32] THAT'S TYPICALLY CORRECT. HOWEVER,
[00:20:34] AIRPORTS ARE SOMEWHAT OF A DIFFERENT
[00:20:37] BEAST. WE HAVE SO MANY DIFFERENT
[00:20:39] BUSINESSES WITHIN AN AIRPORT. WE RUN A
[00:20:42] MALL, WE RUN GROUND TRANSPORTATION, WE
[00:20:45] RUN AIRLINES OPERATION. WE HAVE A
[00:20:47] CONSTRUCTION BUSINESS. WE HAVE SO MANY
[00:20:49] DIFFERENT BUSINESSES. WE HAVE COMMUNITY
[00:20:50] ENGAGEMENT, WILDLIFE MANAGEMENT,
[00:20:53] WATER RESTORATION. YOU NAME IT, WE HAVE
[00:20:56] IT. WITHIN AN AIRPORT, IT'S LIKE RUNNING
[00:20:59] A CITY, BUT A LITTLE BIT MORE
[00:21:00] COMPLICATED. AND SO THAT'S ONE OF THE
[00:21:02] REASON WHY WE HAVE SO MANY DIFFERENT
[00:21:05] STRATEGIC FOCUS AREAS. NOW, EACH OF THE
[00:21:09] DIVISION OR THE DEPARTMENT DIRECTORS
[00:21:13] WITHIN THE ORGANIZATION MAY BE FOCUSING
[00:21:15] ON THREE OR FOUR GOALS. SO THAT WORKS
[00:21:17] WITHIN EACH OF THOSE BUSINESS. BUT AS A
[00:21:19] DIVISION ITSELF, IT'S VERY HARD TO JUST
[00:21:21] FOCUS ON THREE PRIMARY GOALS JUST
[00:21:24] BECAUSE OF HOW COMPLEX AND COMPLICATED
[00:21:27] AIRPORTS ARE. SO THESE ARE THE TEN
[00:21:29] PRIORITIES THAT WE ARE STRATEGIC FOCUS
[00:21:31] AREAS THAT WE FOCUS ON. AND YOU'LL SEE
[00:21:33] HOW THE BUDGET REQUEST THAT WE HAVE
[00:21:36] ALIGNS WITH EACH OF THESE AREAS IN A FEW
[00:21:38] MORE SLIDES. NEXT SLIDE, PLEASE,
[00:21:44] COMMISSIONER. THEN STEVE, YOU HAVE SEEN
[00:21:46] THIS BEFORE, AND THIS IS REALLY, TO
[00:21:48] REITERATE, A COUPLE OF THINGS. ONE, THE
[00:21:51] BUDGET IS THE MEANS TO THE END. IT'S NOT
[00:21:54] THE END STATE, IT'S THE MEANS TO THE
[00:21:56] END. WE'RE ASKING FOR MONEY, FOR PEOPLE,
[00:21:59] FOR EQUIPMENT, TO ACTUALLY TRY TO GET
[00:22:03] US TO THESE GOALS THAT WE HAVE
[00:22:06] ESTABLISHED, WHETHER IT'S FIVE STAR
[00:22:07] SKYTRACK RATING, 75 MCT, GREENEST
[00:22:10] AIRPORT IN THE UNITED STATES,
[00:22:14] MOST ACCESSIBLE AIRPORTS IN NORTH
[00:22:16] AMERICA, ET CETERA. THE BUDGET REQUEST
[00:22:18] THAT WE'RE ASKING FOR IS TO ACTUALLY GET
[00:22:20] US TO THESE GOALS, GET US FROM FOUR STAR
[00:22:22] TO FIVE STAR RATED AIRPORT, AND
[00:22:24] HOPEFULLY HAVE US CONTINUE BEING THE
[00:22:26] BEST AIRPORT IN NORTH AMERICA. AND ONE,
[00:22:29] HOPEFULLY DOWN THE ROAD, WE'LL START
[00:22:31] GETTING IN THE WORLD RANKING A FEW YEARS
[00:22:33] FROM NOW AS WELL. NEXT SLIDE.

[00:22:38] ALL RIGHT, SO HOW DO WE ESTABLISH AND
[00:22:41] SET THE PRIORITIES? AS I SAID BEFORE WE
[00:22:43] GO BACK, WE LOOK AT OUR MISSION, LONG
[00:22:44] TERM GOALS, WE DO A GOOD PROVISION. ARE
[00:22:46] WE GOING TO CHANGE ANYTHING MAJOR? IF WE
[00:22:48] ARE, WE MAKE THE CHANGES. IF NOT, WE DO
[00:22:50] SOME SMALL TWEAKS. AND THEN WE LOOK AT
[00:22:52] WHAT ARE THE 2024 OBJECTIVES THAT WE
[00:22:54] NEED TO COME UP WITH AS PART OF OUR
[00:22:55] BUSINESS PLAN IN ORDER FOR US TO
[00:22:56] CONTINUE MOVING TOWARDS THIS GOAL.
[00:22:58] THERE ARE THREE PRIMARY AREAS THAT WE
[00:23:00] CATEGORIZE OUR REQUEST IN. THE THINGS
[00:23:03] THAT WE MUST DO OR THE THINGS THAT ARE
[00:23:05] REGULATORY AND COMMISSION. THE THINGS
[00:23:08] THAT THE COMMISSIONERS HAVE DIRECTED US
[00:23:10] TO DO FALLS IN THIS CATEGORY. SO DURING
[00:23:12] THE BUDGET PROCESS, WE DON'T ARGUE OF
[00:23:14] WHETHER WE'RE GOING TO DO THIS, WHETHER
[00:23:15] WE'RE GOING TO SUPPORT THIS. IT IS JUST
[00:23:17] A DONE DEAL. THESE ARE MUST DO
[00:23:18] REGULATORY. THEN WE HAVE WHAT WE CALL
[00:23:20] THE WILDLY IMPORTANT GOALS. SO, FOR
[00:23:22] EXAMPLE, IF WE HAVE TEN GOALS THAT WE
[00:23:24] HAVE ESTABLISHED, THE QUESTION IS WHAT
[00:23:26] ARE THE TOP THREE THAT WE MUST GET DONE
[00:23:28] NO MATTER WHAT? IF THERE IS SOMETHING
[00:23:30] HAPPENS DURING THE YEAR AND WE END UP
[00:23:31] NOT HAVING ENOUGH MONEY AND WE CAN'T DO
[00:23:33] ALL TEN OF THESE ACTIVITIES, WELL, WHAT
[00:23:35] ARE THE TOP THREE ONES THAT WE MUST GET
[00:23:37] DONE? AND THOSE ARE THE WILD IMPORTANT
[00:23:39] GOALS. AND THEN THE PIGS ARE PRETTY
[00:23:41] IMPORTANT GOALS, OR JUST ALL THE OTHER
[00:23:43] GOALS, IMPORTANT GOALS THAT WE HAVE
[00:23:45] ESTABLISHED. SO THOSE ARE THE THREE
[00:23:46] CATEGORIES THAT WE HAVE WHEN WE USE FOR
[00:23:49] OUR BUDGET REQUEST. NEXT SLIDE, PLEASE.
[00:23:53] AND SO THESE ARE JUST SOME, JUST AN
[00:23:55] EXAMPLE. THERE'S A WHOLE LOT MORE THAN
[00:23:57] WE'RE SHOWING ON THESE SCREENS. BUT
[00:23:58] THESE ARE JUST SOME EXAMPLES JUST TO
[00:24:00] GIVE YOU A FLAVOR OF WHAT FITS INTO WHAT
[00:24:02] CATEGORY. FOR EXAMPLE, OUR PART 139
[00:24:05] CERTIFICATION. WE MUST DO THAT.
[00:24:08] IF WE DON'T PASS THE PART 139
[00:24:10] CERTIFICATION, WE CAN'T RUN THE AIRPORT.
[00:24:12] SO THIS IS JUST MANDATORY. WE HAVE TO DO
[00:24:15] THAT. A LOT OF THE SECURITY DIRECTIVES
[00:24:18] THAT WE HAVE, WE DON'T HAVE ANY CHOICE.
[00:24:20] THESE ARE REGULATORY. WE MUST DO THEM.
[00:24:22] AND THUS SOME OF THE EXAMPLES WE ARE
[00:24:24] SHOWING HERE OF SOME OF THE GOALS THAT
[00:24:26] WE HAVE OR WEEKS THAT WE HAVE AS PART OF
[00:24:28] THE SECURITY GOALS. NEXT SLIDE, PLEASE.
[00:24:33] COMMUNITY VERY IMPORTANT TO US.
[00:24:36] COMPLETING 23% OF THE 2014
[00:24:40] APPROVED PART 150 STUDY REMEDY PROGRAM
[00:24:43] BY THE END OF THE THIRD QUARTER. THAT'S
[00:24:45] ONE OF THE REGULATORY OR MUST DO GOALS
[00:24:48] THAT WE HAVE. AND THERE ARE SEVERAL
[00:24:50] GOALS THAT WE HAVE AS PART OF OUR
[00:24:51] ENVIRONMENT AND SUSTAINABILITY. WE HAVE

[00:24:53] TO MEET AND EXCEED ALL PERMIT CONDITION,
[00:24:55] WASTEWATER, LAND STEWARDSHIP,
[00:24:57] STORMWATER, ET CETERA. SO THESE ARE
[00:24:59] EXAMPLES AGAIN OF MUST DO STAT
[00:25:01] REGULATORY GOAL. NEXT SLIDE.
[00:25:05] AND THEN SOME EXAMPLES OF WILDLY
[00:25:06] IMPORTANT GOAL. SAFETY IS EXTREMELY
[00:25:09] IMPORTANT TO US, AND WE WANT TO ACHIEVE
[00:25:11] A REDUCTION FROM THE PREVIOUS YEAR ON
[00:25:14] SAFETY MANAGEMENT SYSTEM OF MAJOR
[00:25:16] INCIDENTS. 5% REDUCTION. WE REALLY CAN'T
[00:25:20] GET ANYTHING DONE. ALL THE GOALS THAT
[00:25:22] YOU'RE GOING TO HEAR US TALK ABOUT OR
[00:25:24] YOU'VE SEEN SO FAR IN THE PRESENTATION,
[00:25:26] WE CAN'T GET THEM DONE UNLESS WE HAVE AN
[00:25:28] ENGAGED EMPLOYEE POPULATION
[00:25:32] HERE AT AIRPORTS. AND SO IT IS IMPORTANT
[00:25:34] THAT WE REVIEW THE EMPLOYEE
[00:25:38] ENGAGEMENT SURVEY RESULTS THAT WE HAVE
[00:25:39] AND WE ACTUALLY PUT THE ACTION PLANS IN
[00:25:41] PLACE, AND THAT'S A PRIORITY FOR US IN
[00:25:43] 2024. SECURITY CHECKPOINT STILL
[00:25:47] IS A MAJOR CHALLENGE TO US, AND WE HAVE
[00:25:49] ESTABLISHED A GOAL OF 80% OF THE PEOPLE
[00:25:52] EXPERIENCING THE TSA LINE WILL WAIT 30
[00:25:54] MINUTES OR LESS. NEXT SLIDE.
[00:26:01] OTHER GOALS THAT WE HAVE OR WEEKS THAT
[00:26:03] WE HAVE IS AROUND THE CUSTOMER
[00:26:05] EXPERIENCE. THAT'S WHY WE'RE HERE.
[00:26:06] WE'RE HERE TO SERVE THE CUSTOMER. THE
[00:26:09] PRIMARY CUSTOMER, OF COURSE, IS THE
[00:26:10] PASSENGERS THAT COME THROUGH THE PORT,
[00:26:12] AND THAT NUMBER THAT WE HAVE, THAT 3.97
[00:26:15] AS PART OF THE ASQ OR AIRPORT SERVICE
[00:26:18] QUALITY, IT INCLUDES A WHOLE LOT OF
[00:26:20] THINGS. IT INCLUDES RESTROOM, IT
[00:26:21] INCLUDES SECURITY CHECKPOINT, THE TIME
[00:26:23] IT TAKES TO COME THROUGH CUSTOMS AND
[00:26:25] IMMIGRATION, THE CLEANLINESS OF THE
[00:26:27] FACILITY. THERE'S SEVERAL THINGS THAT'S
[00:26:30] INCLUDED IN HERE. SO EVEN THOUGH IT'S
[00:26:32] ONE METRUCK, IT INCLUDES NUMEROUS THINGS
[00:26:34] THAT WE HAVE TO DO TO SATISFY THE
[00:26:36] CUSTOMER, MEET OR EXCEED THE CUSTOMER
[00:26:38] EXPECTATION. AND OF COURSE, AS WE DO ALL
[00:26:40] OF THIS, WE HAVE TO DO IT IN A FISCALLY
[00:26:42] RESPONSIBLE MANNER. WE HAVE A DEBT
[00:26:44] SERVICE COVERAGE AT 1.4. HAMDY IS GOING
[00:26:46] TO SPEAK A LITTLE BIT MORE ABOUT THAT IN
[00:26:48] FUTURE SLIDES. AND YOU'LL SEE YEARS THAT
[00:26:50] WE ARE GOING TO EXCEED THIS, AND THERE
[00:26:51] ARE A FEW YEARS THAT WE MIGHT FALL BELOW
[00:26:53] IT IN OUR FUTURE PROJECTIONS. NEXT
[00:26:55] SLIDE, PLEASE. AND THEN A PRETTY
[00:26:58] IMPORTANT GOAL. I MEAN, THE EXPECTATION
[00:27:00] IS THAT WE'RE GOING TO GET CALL THE ROLL
[00:27:02] DONE. THE DIFFERENCE BETWEEN THE WIGS
[00:27:04] AND THE PIGS IS IF WE COME TO THE POINT
[00:27:06] WHERE WE HAVE TO PRIORITIZE, WE HAVE TO
[00:27:07] MAKE A DECISION, THEN THE WIGS TAKES
[00:27:09] PRIORITY. BUT THE EXPECTATION IS ALL OF
[00:27:11] THESE PIGS ARE PRETTY IMPORTANT GOALS.
[00:27:13] THEY ALL GET DONE BASED ON THE REQUEST

[00:27:17] THAT WE HAVE WITHIN THE BUDGET. SO WE'RE
[00:27:18] REQUESTING PEOPLE, FTES, CONSULTANT
[00:27:21] SERVICES, EQUIPMENT, DOLLARS, ET CETERA,
[00:27:25] TO ACTUALLY EXECUTE ALL OF THESE PIGS AS
[00:27:27] WELL. AND THESE ARE JUST SOME EXAMPLES
[00:27:30] THAT WE'RE SHOWING HERE. I'M NOT GOING
[00:27:31] TO GO THROUGH ALL OF THEM BECAUSE I WANT
[00:27:33] TO GET OVER TO HEIDI SOON TO GET INTO
[00:27:35] THE DETAILS OF THE BUDGET. AND I'M SURE
[00:27:37] WE'LL HAVE A LOT OF QUESTIONS ON THOSE
[00:27:38] NUMBERS, BUT THESE ARE THE
[00:27:42] FOUNDATION FOR THE REQUEST THAT WE HAVE
[00:27:45] IN THE BUDGET. SO WE THINK IT'S
[00:27:46] IMPORTANT FOR US TO TALK ABOUT IT AT THE
[00:27:48] FRONT OF THE PRESENTATION. NEXT SLIDE,
[00:27:51] PLEASE. AND THESE ARE JUST SOME OTHER
[00:27:54] GOALS. THESE ARE ON THE INNOVATION AND
[00:27:55] OPERATIONAL EFFICIENCY SIDE OF THE TEN
[00:27:58] CATEGORIES THAT WE HAD OUTLINED EARLIER.
[00:28:00] WE CAN GET INTO SOME OF THE DETAILS OF
[00:28:02] THESE IF YOU WANT, COMMISSIONER, BUT AS
[00:28:03] I SAID, I WANT TO GET TO HEIDI ON THE
[00:28:05] NUMBERS. NEXT SLIDE.
[00:28:10] SIMILAR THING HERE. ECONOMIC
[00:28:12] OPPORTUNITIES, SOCIAL RESPONSIBILITY,
[00:28:14] EXTREMELY IMPORTANT TO US. OUR ACDBE
[00:28:17] PROGRAM HAS BEEN SUCCESSFUL IN THE PAST.
[00:28:19] WE WANT TO MAKE SURE WE CONTINUE BEING
[00:28:21] SUCCESSFUL. THE DBE PARTICIPATION, WE
[00:28:24] STRUGGLE WITH THAT IN THE PAST. WE WANT
[00:28:27] TO MAKE SURE WE PROVIDE MORE
[00:28:28] OPPORTUNITIES TO OUR UNDERSERVED
[00:28:31] COMMUNITY WHERE SMALL MINORITY OWNED
[00:28:32] BUSINESSES, ET CETERA. AND NEXT SLIDE.
[00:28:46] NOW, IN ORDER FOR US TO ACHIEVE ALL OF
[00:28:48] THIS, WE HAVE TO GENERATE THE REVENUES
[00:28:50] TO GET THERE. I'D IS GOING TO SPEAK ABOUT
[00:28:52] THIS. OUR COMMERCIAL MANAGEMENT TEAM HAS
[00:28:55] THIS HUGE TASK TO GENERATE A LOT OF NON
[00:28:58] EURO NAUTICAL REVENUES. BUT THE ENTIRE
[00:29:01] ORGANIZATION ALSO HAVE A RESPONSIBILITY
[00:29:03] TO CONTAIN THAT COST BECAUSE REMEMBER,
[00:29:05] WE HAVE THAT 1.4 DEBT SERVICE COVERAGE
[00:29:07] GOAL THAT WE'RE TRYING TO ACHIEVE. SO
[00:29:09] EVERYBODY WITHIN THE ORGANIZATION HAS TO
[00:29:11] PARTICIPATE TOWARDS THIS. AND OF COURSE,
[00:29:13] AS WE DO THIS, WE HAVE TO DO IT IN A
[00:29:15] RESPONSIBLE MANNER. WE HAVE OUR
[00:29:18] GREENHOUSE GAS EMISSION GOALS, CENTRAL
[00:29:20] AGENDA GOALS THAT WE HAVE TO MAKE SURE
[00:29:22] THAT WE MEET AS WELL. SO WE HAVE SEVERAL
[00:29:23] GOALS IN THERE, OUR OBJECTIVES IN THERE,
[00:29:26] AND SEVERAL REQUESTS IN THE BUDGET TO
[00:29:28] ACTUALLY MEET THESE ENVIRONMENTAL AND
[00:29:29] SUSTAINABILITY GOALS THAT WE'LL GET
[00:29:31] INTO. A FEW SLIDES DOWN IN THE
[00:29:33] PRESENTATION. NEXT SLIDE, PLEASE.
[00:29:37] AND WE HAVE TO BUILD ALL THESE
[00:29:40] FACILITIES THAT WE NEED TO KEEP PACE
[00:29:42] WITH THE TREMENDOUS GROWTH THAT'S TAKING
[00:29:44] PLACE WITHIN THE REGION. WE HAVE AN
[00:29:46] OBJECTIVE TO ACHIEVE 75% OF THE CAPITAL
[00:29:50] PROGRAM SCHEDULED MILESTONES AND ALSO

[00:29:51] 75% OF THE PLANNED EXPENDITURE FOR A
[00:29:55] HUGE PROGRAM SUCH AS OURS. AND HEIDI IS
[00:29:57] GOING TO SPEAK ABOUT THAT. YOU'LL. SEE,
[00:29:59] WE'LL BE SPENDING OVER A BILLION DOLLARS
[00:30:01] IN CERTAIN YEARS COMING UP. SO IT'S A
[00:30:04] HUGE UNDERTAKING FOR US TO ACHIEVE.
[00:30:08] AND WE THINK 75% IS REALLY A STRETCH
[00:30:11] GOAL FOR OUR TEAM THAT'S WORKING ON
[00:30:13] THESE PROJECTS. NEXT SLIDE.
[00:30:17] SO BEFORE HANDING OVER TO HAMDI,
[00:30:19] COMMISSIONER, I JUST WANT TO POINT
[00:30:21] SOMETHING OUT, AND I HOPE HEIDI
[00:30:23] REITERATES IT AGAIN. THE BUDGET REQUEST
[00:30:26] THAT WE HAVE, WE TOOK INTO CONSIDERATION
[00:30:30] ALL THE NEW FACILITIES THAT WE CURRENTLY
[00:30:32] HAVE, THE NEW SQUARE FOOTAGE THAT WE
[00:30:33] CURRENTLY HAVE, ALL THESE HUGE CAPITAL
[00:30:35] DEVELOPMENT PROJECTS THAT WE HAVE TO GET
[00:30:37] DONE, ALL THE OPERATIONAL GOALS,
[00:30:39] EVERYTHING. HOWEVER, EVEN AFTER ALL OF
[00:30:42] THAT, THE REQUEST THAT THE INCREASE IN
[00:30:45] OUR BUDGET VERSUS 2023 IS STILL WITHIN
[00:30:48] SINGLE DIGITS, AND I THINK THAT'S
[00:30:50] SOMETHING WE REALLY NEED TO HIGHLIGHT
[00:30:52] BECAUSE I THINK IT'S IMPORTANT NOT ONLY
[00:30:53] FOR THE COMMISSIONERS, BUT ALSO TO OUR
[00:30:55] EXTERNAL STAKEHOLDERS SUCH AS THE
[00:30:57] AIRLINE. WE ARE ABLE TO MAKE A REQUEST
[00:31:00] TO ACHIEVE ALL OF THESE THINGS THAT WE
[00:31:02] HAVE WITH ALL THE NEW FACILITIES,
[00:31:04] EVERYTHING, AND STILL STAY WITHIN SINGLE
[00:31:06] DIGITS RELATIVE TO LAST YEAR. AND I
[00:31:08] THINK THAT IS EXTREMELY IMPORTANT. SO
[00:31:11] WITH THAT SAID, I'M GOING TO HAND OVER
[00:31:13] TO HEIDI UNLESS THERE ARE ANY QUESTIONS
[00:31:15] ON THIS SECTION FROM STEVE AND
[00:31:17] COMMISSIONERS. IF NOT, I'LL HAND OVER TO
[00:31:19] HEIDI, WHICH WILL TAKE THE PRESENTATION
[00:31:21] OVER FROM HERE. ALL RIGHT, THANK YOU.
[00:31:24] LANCE. REAL QUICK, BEFORE WE MOVE ON,
[00:31:26] ANY QUESTIONS? YEAH, PLEASE. YEAH,
[00:31:27] COMMISSIONER FELLEMAN, I JUST THINK IT'S
[00:31:30] REALLY IMPORTANT TO JUST MAKE SURE WE
[00:31:32] UNDERSTAND THE GUIDANCE THAT WE WILL
[00:31:33] THEN BE SHOWN HOW YOU'RE MEETING THAT
[00:31:36] GUIDANCE THROUGHOUT THE REST OF THIS
[00:31:38] PRESENTATION. SO I PROMISE I WON'T TAKE
[00:31:40] UP MUCH MORE TIME. BUT I WAS SURPRISED
[00:31:43] AT THE 23% IMPLEMENTATION
[00:31:47] OF THE PART 150 BY 2014 GOAL
[00:31:51] THAT YOU CHARACTERIZE THIS AS
[00:31:53] REGULATORY, BECAUSE I RECALL SOME
[00:31:56] COMMISSIONER AGO THAT WE JUST SAID WE
[00:31:57] SHOULD ACCELERATE IT. BUT IS
[00:32:01] THAT ACTUALLY A REGULATORY GOAL? IT'S
[00:32:04] PART OF THE PART 150 STUDY THAT WE HAVE,
[00:32:07] AND I THINK WE HAVE SARAH COX ONLINE TO
[00:32:10] HELP TO ANSWER THAT QUESTION, BUT IT'S
[00:32:12] PART OF THE EXISTING ONE PART 150 STUDY,
[00:32:15] SO WE CONSIDER THAT REGULATORY. SARAH,
[00:32:16] CORRECT ME IF I'M WRONG, PLEASE. IS SHE
[00:32:19] ON? SHE'S IN THE CHAMBERS.
[00:32:23] OKAY. I WAS WALKING UP.

[00:32:27] YES, BECAUSE WE JUST INTRODUCE YOURSELF
[00:32:29] REAL QUICK. THANK YOU. SARAH COX,
[00:32:31] DIRECTOR OF ENVIRONMENT AND
[00:32:32] SUSTAINABILITY FOR AVIATION PART
[00:32:37] 150. BECAUSE IT'S
[00:32:41] A REGULATORY REQUIREMENT THAT WE HAVE
[00:32:43] COMMITTED THIS OBLIGATION WITH THE FAA
[00:32:46] TO MEET THIS ACCELERATED AND THEN
[00:32:48] THROUGH THE COMMISSION TO MEET THIS
[00:32:50] ACCELERATED SCHEDULE,
[00:32:55] THAT IT IS A REGULATORY COMMITMENT FOR
[00:32:58] US TO FULFILL OUR GRANT OBLIGATIONS.
[00:33:01] WE'VE SUBMITTED GRANTS TO PERFORM THE
[00:33:04] SOUND INSULATION PACKAGES WITH FAA. AND
[00:33:07] SO THROUGH THOSE VARIOUS OBLIGATIONS,
[00:33:10] IT TRIGGERS US INTO A REGULATORY
[00:33:13] THRESHOLD. IT DOESN'T COMPARE FOR A
[00:33:16] STORMWATER PERMIT WHERE YOU HAVE A
[00:33:18] SAMPLING PERMIT CONDITION. IT'S JUST IN
[00:33:21] A LITTLE DIFFERENT CONTEXT THAN THAT.
[00:33:23] OKAY, SO FOR CLARIFICATION, ONCE WE'VE
[00:33:26] ASKED TO DO IT. WE'RE OBLIGATED TO DO
[00:33:28] IT. CORRECT. BUT THE RATE AT WHICH WE'RE
[00:33:30] DOING IT IS ACCELERATED. IT'S
[00:33:32] ACCELERATED ONLY BECAUSE WE WERE LAGGING
[00:33:35] BEHIND BEFORE, AND IT'S COMMISSIONER IS
[00:33:37] ASKING TO DO IT. SO MY QUESTION IS, IS
[00:33:39] THE RATE AT WHICH WE DO IT REGULATORY
[00:33:43] OR ONLY ONCE WE OBLIGATE OURSELVES TO DO
[00:33:45] SOME PORTION OF IT? THE RATE IS
[00:33:49] NOT OBLIGATORY. WE'RE NOT REQUIRED ON
[00:33:52] THE RATE. HOWEVER, AS WE MOVE FORWARD
[00:33:55] INTO OUR NEXT PART 150, THAT WILL HAVE A
[00:33:58] DIFFERENT SET OF OR POTENTIALLY HAVE A
[00:34:00] DIFFERENT SET OF BOUNDARIES. SO UNDER
[00:34:02] OUR CURRENT PART 150, WE WANT TO
[00:34:06] ACHIEVE AS MUCH AS POSSIBLE UNDER THE
[00:34:09] CURRENT BOUNDARY NOISE REMEDY BOUNDARY
[00:34:13] TO BE ABLE TO INSULATE THE VARIOUS
[00:34:17] RESIDENTS AND FACILITIES. THANK YOU FOR
[00:34:20] THAT, COMMISSIONER, IF I COULD ASSIST
[00:34:22] THIS REAL QUICK. THE FACT THAT WE HAVE
[00:34:24] TO DO IT IS REGULATORY. THE RATE AND THE
[00:34:27] SPEED OF WHICH WE DO IT IS COMMISSION
[00:34:29] DIRECTED. CORRECT.
[00:34:32] AND THAT'S WHY THE ACCELERATION. THAT'S
[00:34:34] WHY THE ACCELERATION. BUT THEN IT
[00:34:35] EXPIRES ONCE WE ADOPT A
[00:34:39] NEW PART 150 STANDARD. ALL RIGHT,
[00:34:42] THANK YOU. AND JUST LANCE AT ANOTHER
[00:34:44] TIME, IT SEEMS TO ME WE HAVE VARIOUS
[00:34:46] DIFFERENT WAYS OF MEASURING CUSTOMER
[00:34:48] SATISFACTION. RIGHT. THERE IS THE
[00:34:50] SKYTRACK'S GOAL, WHICH IS THE SPECIFIC
[00:34:52] ONE, THE ASQ JD.
[00:34:56] POWERS PET SURVEY. I NEVER EVEN HEARD OF
[00:34:58] THE PET SURVEY. IS THAT HOW WELL WE
[00:34:59] TREAT OUR PETS,
[00:35:03] WHICH WE DO HAVE RELIEF CENTERS AND ALL
[00:35:05] THAT, BUT I'M JUST WONDERING AT ANOTHER
[00:35:07] TIME, IT JUST SEEMS TO BE IMPORTANT TO
[00:35:09] UNDERSTAND BECAUSE WE SET OUR KPIS TO
[00:35:11] THE SKY TRACKS, BUT WE MEASURE VARIOUS

[00:35:14] OTHER THINGS. SO I DON'T WANT TO TOUCH
[00:35:17] ON IT REAL QUICKLY. COMMISSIONER, I CAN
[00:35:19] TOUCH ON IT REAL QUICKLY. THE PETS IS AN
[00:35:22] INTERNAL SURETY THAT'S DONE BY A LOCAL
[00:35:25] SURVEY. JULIE CAN SPEAK MORE ABOUT IT.
[00:35:27] ALL THE SURVEYS THAT WE HAVE HAVE
[00:35:29] DEFICIENCIES IN THEM. FOR EXAMPLE, THE
[00:35:32] ASQ SURETY WILL PROBABLY NOT
[00:35:36] LOOK AT OUR SECURITY CHECKPOINTS OR THE
[00:35:39] DRIVES COMING IN. ON THE DRIVES COMING
[00:35:41] IN. IT'S PROBABLY IN THE HOLD ROOM
[00:35:42] AREAS, THE ARRIVALS PROCESS, ET CETERA.
[00:35:46] RIGHT. SO EACH OF THESE HAVE GAPS IN
[00:35:48] THEM. SO WE TRY TO DO MULTIPLE SURVEYS
[00:35:51] BECAUSE WE WANT TO MAKE SURE WE CAPTURE
[00:35:52] THE CUSTOMER EXPERIENCE THROUGHOUT THE
[00:35:54] ENTIRE AIRPORT. WE CAN GO INTO IT A
[00:35:55] WHOLE LOT MORE DETAIL, BUT JUST ON THE
[00:35:59] VERY HIGH LEVEL. EACH OF THE SURVEYS
[00:36:01] HAVE GAPS. THEY DON'T LOOK AT THE ENTIRE
[00:36:03] CUSTOMER EXPERIENCE. SO DOING TWO OR
[00:36:05] THREE FOCUSING ON TWO OR THREE SURVEYS
[00:36:07] WILL BE ABLE TO CAPTURE THE ENTIRE
[00:36:08] CUSTOMER EXPERIENCE. SO MAYBE ANOTHER
[00:36:12] TIME WE CAN GET A PRESENTATION OF THAT.
[00:36:14] JULIE EATS, SLEEPS, AND DRINK THIS. SO,
[00:36:17] YEAH, YOU CAN BRING JULIE IN AT A TIME
[00:36:19] APPROPRIATE TO GO THROUGH THE DETAILS OF
[00:36:21] THESE.
[00:36:24] GREAT. YEAH. AND NOW OVER TO HAMDJ
[00:36:28] HOLD. SORRY, SORRY. GO AHEAD,
[00:36:33] PRESIDENT CHO, HOW ARE WE WITH TIME? I
[00:36:36] JUST WANT TO BE MINDFUL. WE'RE DOING
[00:36:38] OKAY, BUT IF WE CAN KEEP IT BRIEF, THAT
[00:36:40] WOULD BE GREAT. KEEP OUR COMMENTS TO A
[00:36:42] MINIMUM. SO IN THE SWOT ANALYSIS PROFILE
[00:36:46] SECTION, I NOTICED THAT THE DEMAND FOR
[00:36:48] TRAVEL IS IN OUR OPPORTUNITY SECTION,
[00:36:52] AND OBVIOUSLY WE WANT PEOPLE TO COME TO
[00:36:54] OUR REGION. BUT AT THE SAME TIME, I SEE
[00:36:56] THAT AS ALSO AN ISSUE, RIGHT. WITH THE
[00:37:00] SURGE OF PASSENGERS, CONSIDERING THE
[00:37:03] SIGNIFICANT CHALLENGES AROUND THE
[00:37:05] CONSTRUCTION PROJECTS THAT WE HAVE. AND
[00:37:07] SO HOW WE WILL BE ADDRESSING THOSE
[00:37:10] POTENTIAL CHALLENGES, I'M IMAGINING WILL
[00:37:12] COME THROUGH THESE SLIDES. BUT I JUST
[00:37:14] WANTED TO POINT THAT OUT THAT WHILE
[00:37:16] THAT'S AN OPPORTUNITY, I ALSO SEE THAT
[00:37:18] AS A CHALLENGE AND IN SOME CASES A
[00:37:21] THREAT WHEN IT COMES TO SECURITY LINES
[00:37:24] AND PASSENGER ISSUES, AND THEY CAN'T GET
[00:37:27] THROUGH OUR CHECKPOINTS QUICK ENOUGH.
[00:37:29] COMMISSIONER, YOU AYE. THE NAIL ON THE
[00:37:31] HEAD. THERE ARE MANY THINGS THAT WE
[00:37:34] COULD HAVE IN BOTH CATEGORIES
[00:37:36] OPPORTUNITIES AND THE SIZE OF OUR
[00:37:37] AIRPORT IS ONE OF OUR BIGGEST
[00:37:39] DISADVANTAGE. THE SIZE OF OUR AIRPORT IS
[00:37:42] ONE OF OUR BIGGEST ADVANTAGE. RIGHT.
[00:37:44] DEPENDING ON WHAT YOU'RE LOOKING AT FOR
[00:37:45] CONNECTING PASSENGERS, IT'S GREAT
[00:37:47] BECAUSE IT'S SMALL, BUT BECAUSE OF

[00:37:50] EVERYTHING ELSE THAT WE NEED TO DO, WE
[00:37:51] JUST DON'T HAVE ENOUGH SPACE. SO YOU'RE
[00:37:53] EXACTLY RIGHT IN TERMS OF THE DEMAND FOR
[00:37:56] TRAVEL IS AN OPPORTUNITY, BUT IT ALSO
[00:37:58] CREATES A LOT OF PROBLEMS AND CHALLENGES
[00:38:00] THAT WE HAVE AS WELL. AND YOU'LL SEE IN
[00:38:02] THE REQUEST, FOR EXAMPLE, THE EMPHASIS
[00:38:05] ON GETTING PEOPLE THROUGH THE SECURITY
[00:38:07] CHECKPOINT WITHIN A CERTAIN TIME FRAME,
[00:38:09] ACTUALLY BUILDING THE AIRPORT, DINING
[00:38:11] AND RETAIL THE DUE TO FREE FACILITIES
[00:38:13] THAT WE NEED, LOUNGES, ET CETERA, ALL OF
[00:38:15] THESE ARE CHALLENGES THAT WE FACE
[00:38:18] BECAUSE OF THE DEMAND FOR TRAVEL. SO WE
[00:38:20] HAVE A LOT OF THINGS IN THE BUDGET TO
[00:38:22] ADDRESS TO ADDRESS THOSE. SO YOU'LL SEE
[00:38:25] A LOT OF THEM AS HEIDI GOES THROUGH THE
[00:38:27] REST OF THE PRESENTATION. THANK YOU.
[00:38:30] ALL RIGHT, HEIDI, TAKE IT AWAY. OKAY,
[00:38:32] THANK YOU. THANK YOU, COMMISSIONER. SO,
[00:38:36] NEXT SLIDE, PLEASE. SO THIS SLIDE
[00:38:38] PROVIDES OVERVIEW OF THE PUGET CONTEXT
[00:38:41] FOR THE 2024 AVIATION DIVISION.
[00:38:44] AND THE FIVE KEY THEMES ARE NOTED ON THE
[00:38:47] SLIDE. AND EXECUTIVE METRUCK MENTIONED IN
[00:38:50] AYE. OPENING REMARKS ABOUT TOTAL
[00:38:51] PASSENGER VOLUME FORECAST THAT WE ARE
[00:38:54] RECOVERING TO EXCEED 2019 PASSENGER
[00:38:58] LEVELS. AND WE'LL TALK MORE ABOUT THAT
[00:39:00] IN THE NEXT SLIDE. SECONDLY, OUR NON
[00:39:03] AERONAUTICAL REVENUES ARE STRONG. THEY
[00:39:06] ARE WELL ABOVE OUR 2019 LEVELS, WHICH IS
[00:39:10] OUR NON AERONAUTICAL REVENUES ARE MORE
[00:39:12] OF OUR PUBLIC PARKING AND GROUND
[00:39:14] TRANSPORTATION REVENUE STREAMS. AND
[00:39:17] THIRDLY, WE HAVE A GROWING CAPITAL
[00:39:20] PROGRAM WHERE OVER THE NEXT FIVE TO TEN
[00:39:22] YEARS, AND WE HAVE SOME DETAIL
[00:39:24] ASSOCIATED WITH THAT GROWTH. AND AS
[00:39:27] MANAGING DIRECTOR LITTLE MENTIONED, A
[00:39:29] BILLION DOLLARS IN THE FORECAST TO
[00:39:33] DELIVER ON THE CAPITAL PROGRAM AS WELL
[00:39:37] AS WITH THE FOURTH ITEM, THERE THE HIGH
[00:39:39] INFLATION OF BASELINE COSTS, PAYROLL
[00:39:42] GROWING. THIS IS SOMETHING THAT IS VERY
[00:39:44] SIMILAR. AS YOU HEARD IN THE CENTRAL
[00:39:46] SERVICES PRESENTATION, THE AIRPORT IS
[00:39:48] NOT IMMUNE FROM THAT AS WELL. AND ALSO,
[00:39:51] LASTLY, THE RISK OF ECONOMIC RECESSION.
[00:39:53] WE'RE MONITORING THE ECONOMY AND THE
[00:39:55] MARKETS JUST TO BE MINDFUL OF THAT AND
[00:39:58] TO HAVE OUR CONSERVATIVE FORECAST
[00:40:00] ASSUMPTIONS. NEXT SLIDE, PLEASE.
[00:40:05] SO THIS SLIDE ILLUSTRATES OUR TOTAL
[00:40:07] PASSENGER RECOVERY FORECAST. AS YOU CAN
[00:40:10] SEE IN BLUE, THOSE ARE OUR FIGURES FOR
[00:40:13] PASSENGERS, THE ACTUAL PASSENGERS THAT
[00:40:16] WE HAVE FOR THOSE RESPECTIVE YEARS. AND
[00:40:18] YELLOW IS OUR 2023 BUDGET THAT THE
[00:40:20] COMMISSION SAW AND WE USED
[00:40:24] TO INFORM THE 2023 BUDGET PROCESS.
[00:40:28] THE GREEN ILLUSTRATES OUR PASSENGER
[00:40:31] FORECAST FOR 2023 24 AND

[00:40:34] 25. AS YOU CAN SEE, FOR 2024,
[00:40:38] WE'RE ANTICIPATING A 2.1% INCREASE
[00:40:42] ON 2019 LEVELS OF PASSENGERS FOR
[00:40:46] THE AIRPORT. AND ALSO THAT JUST
[00:40:50] LOOKING AT OUR IT'S A STRONG RECOVERY.
[00:40:53] ESSENTIALLY THE STORY WE'RE TRYING TO
[00:40:55] TELL WITH THIS SLIDE. NEXT SLIDE,
[00:40:58] PLEASE.
[00:41:04] SO THEN JUST LOOKING AT OUR STRONG
[00:41:06] OPERATING REVENUE RECOVERY, AS YOU CAN
[00:41:09] SEE BY THE GREEN BLOCK THERE,
[00:41:12] THAT RELATES TO OUR AERONAUTICAL
[00:41:15] REVENUE, THE BLUE RELATES TO OUR NON
[00:41:18] AERONAUTICAL REVENUE. AND WE'RE
[00:41:21] ANTICIPATING A 7.5%
[00:41:25] INCREASE WHEN COMPARED TO THE 2023
[00:41:27] BUDGET. THE AERONAUTICAL REVENUES
[00:41:30] REPRESENT ABOUT 61% OF OUR TOTAL REVENUE
[00:41:33] AND THEN NON AERO, ABOUT 39%.
[00:41:37] IN ADDITION, WITH THE
[00:41:41] AERONAUTICAL REVENUES, IT'S PRIMARILY COST
[00:41:43] RECOVERY AND WE HAVE
[00:41:47] EXHAUSTED A NUMBER OF OUR RELIEF GRANTS.
[00:41:50] SO IN 2024, YOU'LL SEE IN THE
[00:41:54] SUBSEQUENT SLIDES THAT THAT FULL AMOUNT
[00:41:56] HAS BEEN EXHAUSTED FROM CONCESSIONAIRE
[00:41:59] GRANTS. NEXT SLIDE, PLEASE.
[00:42:03] AND AS I NOTED, WE HAVE A GROWING
[00:42:06] CAPITAL PROGRAM. AND AS YOU CAN SEE IN
[00:42:08] THE FORECAST, IN 2025 YOU SEE THAT PEAK.
[00:42:12] THAT'S GOING TO BE OUR HIGHEST SPENDING
[00:42:14] OF APPROXIMATELY \$1.25 BILLION. AND ALSO
[00:42:18] RECOGNIZING THAT WE HAVE ADDED
[00:42:22] ADDITIONAL RESOURCES IN THE OPERATING
[00:42:24] BUDGET TO SUPPORT THAT. ONE THING OF
[00:42:28] NOTE IS JUST THAT THE FORECAST DOES NOT
[00:42:31] INCLUDE ANY SAMP OR OUR SUSTAINABLE
[00:42:33] AIRPORT MASTER PLAN NEAR TERM PROJECTS.
[00:42:38] NEXT SLIDE, PLEASE.
[00:42:41] SO THIS SLIDE PROVIDES A HIGH LEVEL
[00:42:44] OVERVIEW OF OUR OPERATING REVENUES,
[00:42:47] ALSO OUR OPERATING EXPENSES, AND SOME
[00:42:50] KEY INDICATORS THAT WE TRACK
[00:42:55] FOR FINANCIAL PERFORMANCE. AS YOU CAN
[00:42:57] SEE ON THE TOP THERE, THE TOP ROW
[00:42:59] AERONAUTICAL REVENUES IS BUDGETED TO
[00:43:04] GROW AT 4.6%, NON AERONAUTICAL
[00:43:08] REVENUES ROUGHLY 12.4%. AND IN TOTAL
[00:43:12] IT WOULD INCREASE ABOUT 7.5%.
[00:43:15] AND THEN LOOKING AT OUR TOTAL OPERATING
[00:43:18] EXPENSES AS MANAGING DIRECTOR, LITTLE
[00:43:21] ALLUDED TO WE HAVE A LOT OF WORK TO DO
[00:43:24] AND WE MANAGED TO KEEP IT UNDER THE
[00:43:28] SINGLE DIGITS OF 9.1% OF AN INCREASE.
[00:43:32] SO THEN, LOOKING DOWN, BELOW ARE SOME OF
[00:43:34] OUR KEY FINANCIAL INDICATORS LOOKING AT
[00:43:37] OUR DEBT SERVICE COVERAGE, WHICH
[00:43:39] ESSENTIALLY MEANS THAT HOW MANY TIMES
[00:43:42] CAN WE PAY OUR DEBT SERVICE PAYMENTS
[00:43:44] ANNUALLY EACH YEAR? AND SO WE WANT TO
[00:43:48] HAVE A REASONABLE AMOUNT OF DEBT SERVICE
[00:43:52] COVERAGE OR RATIO IN ORDER TO MEET THE
[00:43:56] TARGETS THAT ARE OUTLINED IN OUR

[00:43:57] BUSINESS PLAN AND ALSO FOR OUR
[00:44:01] RATING AGENCIES. SO, AS YOU CAN SEE FOR
[00:44:05] 2024, OUR DEBT SERVICE COVERAGE IS AT
[00:44:08] 1.88. THE NEXT ROW ASSOCIATES
[00:44:13] WITH OUR AIRPORT DEVELOPMENT FUND,
[00:44:15] WHICH IS OUR CASH ON HAND. WE HAVE A
[00:44:17] TARGET OF 18 MONTHS. AND FOR 2024
[00:44:21] WE SHOW THAT WE'LL REACH 17 MONTHS AND
[00:44:24] BY 2025 WE'LL REACH THAT 18 MONTH
[00:44:27] TARGET. THE NEXT ROW HAS
[00:44:31] THE COST PER EMPLOYMENT, WHICH IS A KEY
[00:44:33] METRUCK FOR OUR AIRLINE PARTNERS, JUST TO
[00:44:36] SHOW HOW MUCH OF THE EXPENSES RELATED
[00:44:40] TO THE AIRLINES ARE ALLOCATED ACROSS
[00:44:44] THE PASSENGER TOTALS. SO FOR 2024
[00:44:47] WE SEE EIGHTEEN POINT SIXTY ONE CENTS.
[00:44:50] AND AS YOU CAN SEE, THERE'S A REDUCTION
[00:44:52] THERE WHEN COMPARED TO 2023 OF THREE
[00:44:55] AND A HALF PERCENT. AND THEN WE GO INTO
[00:44:58] OUR NON AERONAUTICAL NET OPERATING
[00:45:01] INCOME. WE'RE SEEING AN INCREASE IN THAT
[00:45:04] AS WELL AS IN PLANE PASSENGERS ARE
[00:45:06] RECOVERING, BUT ARE NOT EXCEEDING AT A
[00:45:09] RAPIDLY RATE. WE ARE JUST RETURNING TO
[00:45:12] 2019 LEVELS A LITTLE BIT OVER 2019
[00:45:15] LEVELS. NEXT SLIDE, PLEASE.
[00:45:21] NOW WE'LL MOVE ON TO DELVING MORE INTO
[00:45:24] THE PRELIMINARY OPERATING BUDGET
[00:45:26] COMPONENTS. SO, THERE ARE
[00:45:30] A LOT OF NUMBERS HERE, BUT ESSENTIALLY
[00:45:33] IT ILLUSTRATES A DRILL DOWN OF SOME OF
[00:45:35] OUR OPERATING EXPENSES. AS YOU CAN SEE,
[00:45:38] PAYROLL CONSUMES A SIGNIFICANT
[00:45:41] PORTION OF THAT, ABOUT 210,000,000.
[00:45:43] AND THAT'S BECAUSE AS YOU HEARD IN THE
[00:45:47] CENTRAL SERVICES PRESENTATION THAT WE
[00:45:50] HAVE REPRESENTED STAFF CONTRACT
[00:45:53] INCREASES, WE HAVE AN ASSUMPTION OF
[00:45:56] 7% FOR NON REPRESENTED STAFF AVERAGE FOR
[00:45:59] COLA AND PAY FOR PERFORMANCE. ALSO
[00:46:02] THERE'S A 5% PAYROLL VACANCY AND ALSO
[00:46:05] WE INCLUDED 39 NEW FTES,
[00:46:09] WHICH YOU'LL HEAR MORE ABOUT LATER. THE
[00:46:12] REMAINDER IS APPROXIMATELY 148,000,000
[00:46:15] FOR NON PAYROLL, THEN THAT'S ASSOCIATED
[00:46:18] DIRECTLY WITH THE AIRPORT CHARGES.
[00:46:22] AND THEN WE HAVE APPROXIMATELY A 12.4%
[00:46:27] INCREASE RELATED TO CENTRAL SERVICES TO
[00:46:30] HELP US CONTINUE TO SUPPORT AND OPERATE
[00:46:34] THE AIRPORT. NEXT SLIDE
[00:46:38] PLEASE. SO THIS
[00:46:42] IS OUR WATERFALL SLIDE, WHICH IS
[00:46:45] ESSENTIALLY OUR CROSSWALK TO HOW WE GOT
[00:46:48] TO THE 2023 BUDGET,
[00:46:51] THEN TO THE 2024 PRELIMINARY PUGET.
[00:46:55] AS YOU CAN SEE ON THE SLIDE, THE YELLOW,
[00:46:58] THERE WERE A NUMBER OF BUDGET
[00:47:00] ADJUSTMENTS THAT WE PERFORMED IN ORDER
[00:47:03] TO GET TO THE 2024 BASELINE BUDGET.
[00:47:08] AND THEN WE ADDED THOSE COST INCREASES
[00:47:11] ASSOCIATED WITH THE PAYROLL PIECES.
[00:47:14] THAT'S AROUND 70 MILLION. CONTRACT
[00:47:18] INCREASES ABOUT 4 MILLION, AND THEN

[00:47:21] COSTS TIED TO REVENUES 2 MILLION. AND
[00:47:24] THEN SOME ADDITIONAL NON PAYROLL ITEMS
[00:47:26] ABOUT 4 MILLION. SO WE STARTED WITH
[00:47:30] APPROXIMATELY 324,000,000 FOR BASELINE
[00:47:34] FOR THE 2024 BUDGET. AND THEN WE TOOK
[00:47:38] AND REVIEWED A NUMBER OF PUGET REQUESTS
[00:47:41] THAT I WILL GO INTO LATER, BUT A NUMBER
[00:47:45] OF BUDGET REQUESTS THAT WERE ADDED,
[00:47:47] THAT CAME UP TO THE AMOUNT OF
[00:47:50] 358,000,000, AROUND 359,000,000,
[00:47:54] WHICH IS APPROXIMATELY THE BUDGET THAT
[00:47:57] YOU SEE TODAY FOR THE AVIATION
[00:48:00] PRELIMINARY BUDGET. NEXT SLIDE, PLEASE.
[00:48:06] SO, AS MANAGING DIRECTOR LITTLE
[00:48:09] MENTIONED AND WALKED US THROUGH OUR
[00:48:11] STRATEGIC FOCUS AREAS, THIS IS HOW THOSE
[00:48:15] NEW BUDGET REQUESTS ALIGNED WITH THOSE
[00:48:17] FOCUS AREAS. AS YOU CAN SEE AT THE
[00:48:20] BOTTOM, IN PARTICULAR THE ASSET
[00:48:23] MANAGEMENT AND CAPITAL DEVELOPMENT AND
[00:48:24] DELIVERY FOCUS AREA, APPROXIMATELY 16.6
[00:48:28] MILLION OF OUR NEW BUDGET REQUESTS ALIGN
[00:48:32] WITH THAT FOCUS AREA. AND THEN WE
[00:48:35] HAVE OUR CUSTOMER EXPERIENCE FOCUS AREA,
[00:48:38] WHICH WE PROPOSE TO HAVE 7.1 MILLION
[00:48:42] INVESTMENTS DEDICATED TO THAT AND ALSO
[00:48:46] YOU'LL SEE THAT HAS THE LARGEST NUMBER
[00:48:49] OF OUR NEW FTE REQUESTS OF 29
[00:48:53] OF THE 39 THAT WE'VE REQUESTED IN THE
[00:48:56] PUGET. AND THEN LASTLY, JUST KIND
[00:48:59] OF THE BIG TICKET ITEMS, ENVIRONMENT AND
[00:49:01] SUSTAINABILITY. WE HAVE APPROXIMATELY
[00:49:04] 6.5 MILLION OF NEW BUDGET REQUESTS
[00:49:07] ASSOCIATED WITH THAT AND PRIMARILY TIED
[00:49:10] WITH THAT MUST DO REGULATORY
[00:49:12] PRIORITIZATION THAT MANAGING DIRECTOR
[00:49:15] LITTLE OUTLINED EARLIER.
[00:49:18] NEXT SLIDE, PLEASE.
[00:49:21] SO THIS IS A SUMMARY OF THE BUDGET
[00:49:23] REQUEST. WE RECEIVED 210 HIGH
[00:49:27] QUALITY, WELL THOUGHT OUT BUDGET
[00:49:29] REQUESTS FROM AVIATION DIVISION STAFF.
[00:49:31] THEY HAD VERY STRONG BUSINESS CASES AND
[00:49:35] DEFINITELY OUR NEEDS OF THE AIRPORT AND
[00:49:38] THAT EQUATED TO ABOUT \$53 MILLION. AND
[00:49:41] RECOGNIZING WE ARE LIMITED TO OUR
[00:49:44] OPERATING EXPENSE GROWTH, WE HAMD I TO
[00:49:46] MAKE SOME VERY DIFFICULT DECISIONS AND
[00:49:49] APPROVE ABOUT 35 MILLION OF
[00:49:52] THOSE ADS. SO RECOGNIZING WE HAVE
[00:49:56] A NUMBER OF GOALS TO ACHIEVE AT THE
[00:49:58] AIRPORT, WE DID LIMIT OURSELVES TO
[00:50:01] THAT 9.1% INCREASE TO OUR BUDGET AND
[00:50:04] THAT EQUATES TO ABOUT 39 FTES AND \$35
[00:50:08] MILLION OF NEW INVESTMENTS.
[00:50:12] AND THEN TO THE TABLE TO THE RIGHT,
[00:50:14] YOU'LL SEE HOW WE PRIORITIZE THOSE NEW
[00:50:17] INVESTMENTS BY OUR MUST DO REGULATORY
[00:50:20] WIGS AND PIGS. AND I'LL TALK MORE ABOUT
[00:50:23] AIRLINE REALIGNMENT IN THE SUBSEQUENT
[00:50:25] SLIDE, BUT JUST WANTED TO ILLUSTRATE
[00:50:27] THAT WE MAKE SURE THAT WE HAVE ALIGNMENT
[00:50:30] IN OUR STRATEGIC GOALS, OUR BUSINESS

[00:50:33] PLAN, AND AS WELL AS PRIORITIZING THOSE
[00:50:36] BUDGET REQUESTS BY OUR MUST DO
[00:50:38] REGULATORY AND WIGS AND PIGS.
[00:50:42] NEXT SLIDE, PLEASE.
[00:50:45] SO THIS SLIDE PROVIDES AN OVERVIEW OF
[00:50:48] SOME OF OUR LARGEST APPROVED BUDGET
[00:50:50] REQUESTS. SO AS YOU CAN SEE AT THE TOP
[00:50:52] THERE, AIRLINE REALIGNMENT IS ROUGHLY
[00:50:54] \$7.1 MILLION. AND THAT'S ESSENTIALLY
[00:50:58] COSTS ASSOCIATED WITH RELOCATING AN
[00:51:01] AIRLINE CARRIER THEIR SPACE TO ANOTHER
[00:51:03] SPACE BECAUSE THERE IS A CAPITAL PROJECT
[00:51:06] THAT WILL BE UNDERWAY IN THAT INITIAL
[00:51:08] SPACE. AND SO WE ARE WORKING WITH OUR
[00:51:11] ACCOUNTING AND FINANCIAL REPORTING
[00:51:13] PARTNERS HERE AT THE PORT TO POSSIBLY
[00:51:17] RECLASSIFY SOME OF THOSE COSTS FROM
[00:51:21] OPERATING EXPENSE TO CAPITAL
[00:51:24] BASED ON OUR PORTS CAPITALIZATION
[00:51:27] POLICY. SO WE ARE DILIGENTLY WORKING
[00:51:30] WITH THEM NOW AND WILL REPORT BACK TO
[00:51:33] YOU ON THAT WORK TO DETERMINE IF WE ARE
[00:51:35] ABLE TO SHIFT SOME OF THOSE COSTS TO
[00:51:37] CAPITAL. THE OTHER ELEMENT IS WITH
[00:51:42] WORKING WITH OUR PLANNING GROUP TO
[00:51:45] SUPPORT OUR GROWING CAPITAL PROGRAM AND
[00:51:48] SO EXPENSES TIED TO THAT, IT'S ROUGHLY
[00:51:50] THE PORT, 4 MILLION. CAN I ASK JUST A
[00:51:52] QUICK QUESTION? SURE. IF WE SHIFT IT
[00:51:55] FROM EXPENSE TO CAPITAL, DOES THAT ALLOW
[00:51:57] US A SORT OF LONGER PAYBACK PERIOD FOR
[00:51:59] IT? CORRECT? YEAH. SO IT WILL BE
[00:52:02] AMORTIZED FOR PART OF OUR DEBT SERVICE.
[00:52:05] RIGHT. BECAUSE WE'LL TAKE OUT BONDS TO
[00:52:06] PAY FOR IT. GREAT, THANK YOU. CAN I ALSO
[00:52:09] JUST SINCE I HAVE TWO QUESTIONS.
[00:52:12] ONE IS WHEN WE TALK ABOUT AND
[00:52:16] I THINK I ASKED DAN THIS QUESTION A FEW
[00:52:17] WEEKS AGO WHEN WE GOT AN OVERVIEW, BUT
[00:52:19] MAYBE YOU CAN PROVIDE A LITTLE MORE
[00:52:21] DETAIL. IT'S INTERESTING TO ME THAT OUR
[00:52:23] NON AERONAUTICAL REVENUES ARE GOING UP
[00:52:25] DESPITE THE FACT THAT OUR PASSENGER
[00:52:26] VOLUMES HAVE NOT QUITE RECOVERED TO 2019
[00:52:28] LEVELS. AND I THINK I ASKED DAN WHAT
[00:52:30] ACCOUNTS FOR THE INCREASE IN NON
[00:52:32] AERONAUTICAL REVENUES DESPITE THE FACT
[00:52:34] THAT WE DON'T HAVE AS MANY PEOPLE GOING
[00:52:36] THROUGH THE AIRPORT. AND I THREW UP
[00:52:38] MAYBE PARKING RATES GOING UP AS AN
[00:52:41] EXAMPLE. BUT CURIOUS IF YOU CAN SHED
[00:52:43] LIGHT ON ANYTHING ELSE, THAT IS IT
[00:52:46] BECAUSE WE'VE ADDED ADR TENANTS. I'M
[00:52:48] JUST CURIOUS TO UNDERSTAND WHAT THAT IS.
[00:52:51] WE HAVE A SLIDE FOR THAT. PERFECT.
[00:52:54] OKAY. THERE IS A LINE GRAPH
[00:52:58] THAT ILLUSTRATES OUR INFLAMMENT AS WELL
[00:53:01] AS THE NON AERONAUTICAL REVENUE STREAMS
[00:53:04] AND HOW THEY'VE INCREASED, SPECIFICALLY
[00:53:06] PUBLIC PARKING AND RENTAL CARS AND
[00:53:10] GROUND TRANSPORTATION ASSOCIATED WITH
[00:53:12] THAT. WE'LL ILLUSTRATE THAT
[00:53:15] LINE GRAPH TO SHARE WITH YOU KIND OF

[00:53:17] WHAT ARE SOME OF THOSE DRIVERS, BUT IT'S
[00:53:19] PRIMARILY PUBLIC PARKING. AND WITH THAT
[00:53:21] RATE INCREASE IN 2023, THAT'S NOW
[00:53:24] REFLECTED IN 2024. BUT WE'VE ALSO SEEN
[00:53:27] SUSPECT THAT PASSENGERS ARE WANTING TO
[00:53:31] LIMIT THEIR INTERACTIONS WITH FOLKS
[00:53:35] DUE TO THIS POST PANDEMIC PHASE WHERE
[00:53:38] THEY WANT TO DRIVE INTO USE OUR GARAGE
[00:53:41] SPACE BEFORE THEY TRAVEL.
[00:53:44] THERE IS A LINE GRAPH THERE JUST TO KIND
[00:53:46] OF SHOW THE REVENUE STREAMS AND HOW
[00:53:48] THEY'VE INCREASED. AND THEN YOU'LL SEE
[00:53:50] EMPLOYMENTS ARE PRETTY MUCH STABLE AND
[00:53:53] JUST RECOVERING BASED TO 2019 LEVELS.
[00:53:57] BUT IT'S REALLY PASSENGER BEHAVIOR.
[00:53:59] CLUBS AND LOUNGES FOLKS ARE TAKING
[00:54:01] ADVANTAGE OF THOSE AMENITIES HERE AT THE
[00:54:04] AIRPORT. SO THERE'S ADDITIONAL
[00:54:07] INFORMATION THAT I CAN POINT YOU TO IN
[00:54:09] THE SLIDE. EXCELLENT. AND THEN MY SECOND
[00:54:11] QUESTION WAS REGARDS TO FTES.
[00:54:14] COMMISSIONER HASEGAWA AND I RECENTLY HAD
[00:54:16] AN OPPORTUNITY TO MEET WITH THE ILW
[00:54:18] LOCAL NINE. AND ONE OF MY QUESTIONS WAS
[00:54:21] HOW DO WE ACCOUNT FOR WHAT MIGHT BE IN
[00:54:23] THE NEXT COLLECTIVE BARGAINING AGREEMENT
[00:54:25] WHEN IT COMES TO BUDGETING AND INCREASED
[00:54:28] COSTS FOR US? IS THAT FACTORED IN HERE
[00:54:31] IN OUR 24 24 FORECAST? AND THEN
[00:54:34] SECONDLY, I THINK ONE OF THE THINGS THAT
[00:54:37] WAS FLAGGED FOR US AS A CONCERN IS THAT
[00:54:39] THERE'S A PERSONNEL SHORTAGE. AND SO
[00:54:42] WHEN WE TALK ABOUT WE ONLY RAISED 9.1%,
[00:54:46] WE HAD TO MAKE A CHOICE ON HOW MANY FTES
[00:54:49] WE'RE GOING TO HIRE. AND MAYBE THIS IS A
[00:54:53] LANCE QUESTION MORE, BUT WHAT IS THE
[00:54:55] PROCESS THROUGH WHICH WE MAKE THOSE
[00:54:56] HIRING NFT DECISIONS, SPECIFICALLY AT
[00:55:00] THE AIRPORT? HAMD, DO YOU WANT ME TO
[00:55:03] JUMP IN HERE? YES, THAT'D BE GREAT.
[00:55:05] WANT TO START? OKAY. YES. COMMISSIONER,
[00:55:07] THE PROCESS THAT I JUST WENT THROUGH,
[00:55:09] THE BUDGET, AS I SAID, IS NOT THE END.
[00:55:11] IT'S A MEANS TO THE END. SO WE ACTUALLY
[00:55:13] START WITH A BUSINESS PLAN. AND WITH A
[00:55:15] BUSINESS PLAN, WE LOOK AT WHAT ARE THE
[00:55:17] ACTIVITIES THAT WE ARE GOING TO GET DONE
[00:55:19] IN 2024? AND WE HAVE THOSE CATEGORIZED
[00:55:23] IN THE MANDATORY THE WAKES, THE PIGS.
[00:55:26] THEN WE LOOK AT WHAT ARE THE RESOURCES
[00:55:28] THAT WE ABSOLUTELY NEED IN ORDER TO GET
[00:55:30] THOSE DONE, WHAT ARE THE FTES THAT WE
[00:55:32] NEED, CONSULTANTS THAT WE NEED, MONEY
[00:55:34] THAT WE NEED, EQUIPMENT THAT WE NEED
[00:55:35] THAT'S HOW WE COME UP WITH THE FTES.
[00:55:38] AND WE HAVE TO MAKE SOME TOUGH
[00:55:41] DECISIONS. WE HAVE A LOT OF PEOPLE THAT
[00:55:43] WERE DISAPPOINTED BECAUSE THEY DID NOT
[00:55:44] GET EITHER THE MONEY OR SOME OF THE FTE
[00:55:48] REQUESTS THAT THEY ASKED FOR. BUT IT'S
[00:55:50] SOME TOUGH DECISION THAT WE HAVE TO
[00:55:51] MAKE, AND WE HAVE TO KIND OF MAKE THAT
[00:55:53] BALANCE. WE DON'T WANT TO GO OVERBOARD

[00:55:56] AND HAVE A FAT BUDGET AND A FAT
[00:55:59] ORGANIZATION. AND THEN IF ANYTHING
[00:56:00] HAPPENS, REMEMBER, ONE OF THE FIRST
[00:56:02] SLIDES HAMDİ POINTED OUT IS THERE ARE A
[00:56:04] LOT OF UNKNOWNNS OUT THERE. INFLATION,
[00:56:07] IT COULD BE ANOTHER PANDEMIC. THERE'S A
[00:56:08] WHOLE LOT OF UNKNOWNNS. SO WE WANT TO
[00:56:10] MAKE SURE THAT WE HAVE A LEAN ENOUGH
[00:56:11] BUDGET THAT IN THE EVENTUALITY THAT WE
[00:56:14] HAVE ANY OF THESE ISSUES POPPING UP,
[00:56:19] WE DON'T HAVE TOO MANY FTES ON BOARD,
[00:56:22] BUT WE HAVE THE RIGHT AMOUNT OF FTES
[00:56:23] THAT WE NEED IN ORDER TO EXECUTE WHAT'S
[00:56:26] IN OUR BUSINESS PLAN. SO IT'S PART
[00:56:29] SCIENCE, IT'S PART ART. THERE IS NO
[00:56:31] PERFECT WAY TO MAKE THE DECISION. BUT WE
[00:56:33] ALSO THINK WE HAVE A FISCAL
[00:56:35] RESPONSIBILITY TO THE ORGANIZATION TO
[00:56:38] REQUEST JUST THE RESOURCES THAT WE NEED
[00:56:40] TO EXECUTE WHAT'S IN THE 2024 BUSINESS
[00:56:43] PLAN. THAT'S WHAT THE DRIVER FOR THE
[00:56:45] FTES AND ALL THE OTHER REQUESTS THAT YOU
[00:56:47] SEE HERE THAT WE'RE ASKING FOR APPROVAL.
[00:56:51] CAN YOU QUICKLY SPEAK TO MY FIRST
[00:56:52] QUESTION ABOUT HOW WE FACTOR IN ANY COST
[00:56:54] INCREASES FROM LABOR NEGOTIATIONS THAT
[00:56:57] ARE PENDING IN RECOGNIZING THE
[00:57:01] PENDING CONTRACTS ARE IN NEGOTIATIONS?
[00:57:04] SO FOR THE BUDGET PROCESS, WE JUST HAVE
[00:57:08] A GLOBAL ASSUMPTION. AND THAT'S
[00:57:10] SOMETHING THAT WE JUST PUT IN THE PUGET,
[00:57:12] BUT RECOGNIZING THAT THE OUTCOMES OF
[00:57:15] THOSE REPRESENTATIVE GROUPS AND THOSE
[00:57:17] LABOR CONTRACTS WILL SUPERSEDE THAT.
[00:57:20] RIGHT. SO WE HAVE TO PUT AN ASSUMPTION,
[00:57:22] BUT WE RECOGNIZE THAT THOSE CONTRACTS
[00:57:26] WILL PREVAIL AND WE'LL UPDATE THE BUDGET
[00:57:28] TO ACCOMMODATE THAT. SO IS IT FAIR TO
[00:57:31] SAY THAT WE WOULD JUST PUT IN A
[00:57:32] BENCHMARK ASSUMPTION ON LABOR COSTS IN
[00:57:35] GENERAL, AS OPPOSED TO DIVING INTO THE
[00:57:38] SPECIFICS OF THIS DIVISION,
[00:57:41] THESE WORKERS WE'RE EXPECTING? I GUESS
[00:57:44] I'M CURIOUS ABOUT HOW GRANULAR DO WE GET
[00:57:46] WHEN WE FORECAST OR WE MAKE THESE
[00:57:48] ASSUMPTIONS? IT SOUNDS LIKE WE JUST KIND
[00:57:50] OF MAKE A GENERAL ASSUMPTION ABOUT
[00:57:52] INCREASE IN LABOR COSTS. SO FOR THE 2024
[00:57:56] BUDGET, WE HAD A GLOBAL ASSUMPTION FOR
[00:57:58] NON REPRESENTED AND THEN JUST PUT
[00:58:01] REPRESENTED AS THAT SAME ASSUMPTION,
[00:58:04] RECOGNIZING THAT THOSE CONTRACTS ARE IN
[00:58:06] NEGOTIATION. I SEE. AND SO THAT'S THE
[00:58:08] APPROACH WE TOOK. OKAY, THANK YOU.
[00:58:14] COMMISSIONER MOHAMED HAS A QUESTION. GO
[00:58:16] AHEAD. I HAVE A QUICK QUESTION. ON SLIDE
[00:58:19] 27 TO THE FTE POINT, I NOTICED
[00:58:22] THE SECURITY. I WOULD HAVE ASSUMED THE
[00:58:23] SECURITY NUMBERS WOULD BE HIGHER. HOW IS
[00:58:26] OUR SECURITY DIVIDED AMONG PORT POLICE,
[00:58:29] TSA AND AVIATION SECURITY? AND
[00:58:32] CONSIDERING SOME OF THE TSA WORKFORCE
[00:58:34] CHALLENGES, DO WE ACCOUNT FOR THAT WHEN

[00:58:38] WE'RE ALLOCATING DOLLARS TOWARDS
[00:58:41] SECURITY, OR DO WE CONSIDER THAT?
[00:58:44] YES. AND I'LL PROBABLY DEFER TO MANAGING
[00:58:47] DIRECTOR LITTLE TO SPEAK TO MORE OF
[00:58:49] THAT. YEAH. AGAIN, AS I SAID,
[00:58:53] THE REQUEST FOR FTES, FOR MONEY, FOR
[00:58:56] EQUIPMENT IS BASED ON THE ACTIVITIES
[00:58:58] THAT WE HAVE IN OUR BUSINESS PLAN. SO
[00:59:00] WHAT WE'RE ASKING FOR IS ACTUALLY WHAT
[00:59:02] WE NEED TO EXECUTE WHAT'S IN OUR
[00:59:04] BUSINESS PLAN. IN ADDITION TO THAT, WE
[00:59:07] ARE ACTUALLY CONDUCTING WHAT WE CALL AN
[00:59:08] EFFICIENCY AND EFFECTIVENESS STUDY,
[00:59:11] WHERE I THINK WE'RE GOING TO TRY TO
[00:59:12] START IT MAYBE BEFORE THE END OF THE
[00:59:13] YEAR, BUT IT'S NOT GOING TO BE COMPLETED
[00:59:15] UNTIL NEXT YEAR. WE DO THIS EVERY FOUR,
[00:59:18] FIVE YEARS. THE LAST TIME WE DID IT WAS
[00:59:20] ABOUT FIVE YEARS AGO OR SIX YEARS AGO.
[00:59:22] AND WE LOOK AT THE ENTIRE ORGANIZATION.
[00:59:24] WE BENCHMARK AGAINST OTHER AIRPORTS IN
[00:59:27] THE NATION AND THE CONSULTANTS COME UP
[00:59:30] WITH A RECOMMENDATION IN TERMS OF HOW
[00:59:32] EACH DIVISION SHOULD BE STAFFED IN ORDER
[00:59:34] FOR US TO GET TO OUR LONG TERM GOALS.
[00:59:36] SO WE'RE GOING THROUGH THAT EXERCISE AS
[00:59:39] WELL. AND ONCE THAT'S FINISHED, WE WILL
[00:59:41] HAVE MORE INFORMATION TO COME BACK TO
[00:59:43] SAY, OKAY, MAYBE WE NEED MORE FTES IN
[00:59:46] THE SECURITY DEPARTMENT, IN OPERATIONS,
[00:59:49] IN COMMERCIAL MANAGEMENT, YOU NAME IT.
[00:59:51] BUT FOR NOW, THE BUDGET REQUEST THAT
[00:59:53] WE'RE MAKING HERE IS THE FTES THAT WE
[00:59:56] NEED IN ORDER TO EXECUTE THE SPECIFIC
[00:59:58] THINGS THAT'S IN THE 2024 BUSINESS PLAN.
[01:00:03] THANK YOU.
[01:00:06] AS A POINT OF CLARIFICATION, THE POLICE
[01:00:08] DEPARTMENT IS NOT UNDER THE AVIATION
[01:00:10] BUDGET, CORRECT? CORRECT.
[01:00:13] COMMISSIONER, PHONE.
[01:00:16] I SEE. WE HAVE A GOAL WITH TSA
[01:00:19] PROCESSING, BUT IT IS TSA THAT DOES
[01:00:22] THE WORK. AND I SEEM TO RECALL IN
[01:00:25] FOLLOWING UP ON COMMISSIONER MOHAMMED'S
[01:00:27] QUESTION, THAT WE COULD SUPPLEMENT WELL,
[01:00:30] WE COULD TAKE ON THE SECURITY CHECKING,
[01:00:33] BUT YOU CAN'T JUST SUPPLEMENT IT.
[01:00:35] YOU'RE EITHER ALL IN OR YOU'RE NOT. IS
[01:00:37] THAT TRUE? HAMDI? LET ME MAYBE
[01:00:41] JUMP IN HERE AGAIN. THE IRONIC THING
[01:00:43] ABOUT OUR BUSINESS IS THAT WE HAVE MANY
[01:00:45] GOALS THAT WE ESTABLISH, THAT WE HAVE NO
[01:00:47] CONTROL OVER, BUT WE HAVE INFLUENCE
[01:00:49] BECAUSE WE DEPEND ON TSA, WE DEPEND ON
[01:00:51] THE AIRLINE, WE DEPEND ON CBP TO GET A
[01:00:55] LOT OF STUFF THAT WE'RE TRYING TO GET
[01:00:57] DONE ACCOMPLISHED. WE, HOWEVER, ASSIST
[01:01:00] US AND THE AIRLINES. WE ASSIST THE TSA.
[01:01:02] WE ASSIST CDP DURING PEAK PERIODS,
[01:01:06] FOR EXAMPLE, TO DO EXIT CONTROL. SO YOU
[01:01:09] DON'T HAVE A A TRANSPORTATION SECURITY
[01:01:13] OFFICER DOING THAT VERSUS ACTUALLY
[01:01:15] OPENING AN ADDITIONAL LANE AND DO MORE

[01:01:17] SCREENING. SO WE ASSIST. HOWEVER, THIS
[01:01:20] IS NOT SOMETHING THAT WE WANT TO DO ON A
[01:01:23] PERMANENT. IT'S VERY, VERY EXPENSIVE.
[01:01:26] AND WE THINK THAT'S THE ROLE OF THE TSA.
[01:01:29] SO WE ARE WORKING THROUGH ACI,
[01:01:32] THROUGH AAAE TO ACTUALLY LOBBY TO MAKE
[01:01:35] SURE THAT THE TSA GETS THE RESOURCES
[01:01:37] THAT THEY NEED TO PERFORM THIS FUNCTION
[01:01:40] EFFECTIVELY AND EFFICIENTLY AND NOT HAVE
[01:01:42] AIRLINES OR AIRPORT DO IT BECAUSE IT'S
[01:01:44] NOT OUR FUNCTION, IT'S NOT SUSTAINABLE.
[01:01:46] WE CAN'T DO IT CONTINUOUSLY, WE DO IT
[01:01:48] DURING PEAK PERIOD, BUT IT'S A VERY
[01:01:50] EXPENSIVE UNDERTAKING.
[01:01:53] THANK YOU. THANKS. NOTE, SIR. HEY, HOW
[01:01:56] DO YOU GO AHEAD. THANK YOU SO THE
[01:01:59] REMAINDER REQUEST ON THIS SLIDE ARE
[01:02:03] KEY INITIATIVES THAT WE'RE CONTINUING
[01:02:05] INTO 2024. AND THEN WE HAVE ALL
[01:02:11] OTHER ABOUT 6.2 MILLION THAT ARE
[01:02:14] NOT LISTED BECAUSE THEY ARE IN
[01:02:16] AGGREGATE. SO THAT COMPLETES THIS SLIDE.
[01:02:19] SO NEXT SLIDE PLEASE.
[01:02:25] SO THESE ARE SOME SMALLER PUGET REQUESTS
[01:02:29] THAT ARE ESSENTIALLY UNDER 500,000.
[01:02:31] JUST WANTED TO GIVE YOU A FLAVOR OF SOME
[01:02:34] OF THOSE REQUESTS UNDER THOSE STRATEGIC
[01:02:36] AREA FOCUS FOR THE PORT.
[01:02:40] AND YOU'LL SEE THAT IT'S SPRINKLED OUT
[01:02:42] IN THIS SLIDE SOME OF THE COMMISSIONER
[01:02:45] BUDGET PRIORITIES, WHICH WE'LL ALSO TALK
[01:02:47] ABOUT IN A SUBSEQUENT SLIDE. NEXT SLIDE
[01:02:51] PLEASE.
[01:02:56] OKAY, SO THIS TABLE JUST ILLUSTRATES THE
[01:03:00] DIFFERENT CLASSIFICATIONS FOR THE NEW
[01:03:02] FTE REQUESTS THAT WE HAVE PROPOSED, THE
[01:03:05] 39, AND AS I MENTIONED EARLIER, 29 OF
[01:03:08] THOSE FTS ARE IN THE CUSTOMER EXPERIENCE
[01:03:11] FOCUS AREA. AND THEN WE HAVE THE OTHERS
[01:03:14] IN HEALTH AND SAFETY. SECURITY,
[01:03:18] INNOVATION AND OPERATIONAL EFFICIENCIES.
[01:03:20] AND THEN LASTLY IN THE ASSET MANAGEMENT
[01:03:22] CATEGORY. NEXT SLIDE PLEASE.
[01:03:27] SO HERE'S JUST AGAIN, SOME KEY ELEMENTS
[01:03:31] TO KEEP IN MIND AS WE DEVELOP THE 2024
[01:03:35] BUDGET IS THAT, AS I SAID EARLIER, THE
[01:03:37] RISK OF A RECESSION, HIGH INFLATION, WE
[01:03:39] KEEP THAT TOP OF MIND. AS WELL AS
[01:03:42] LOOKING AT OUR PRELIMINARY BUDGET, SOME
[01:03:44] OF THOSE FACTORS THAT WE'VE INCORPORATED
[01:03:46] PAYROLL VACANCY RATE OF 5%. WE HAVE
[01:03:49] THOSE INCREASED MEDICAL BENEFIT COSTS.
[01:03:52] WE KNOW THAT THE HR COMPENSATION PROJECT
[01:03:55] IS YET TO BE COMPLETE. SO WE FACTORED IN
[01:03:57] JUST AN ESTIMATE OUR POTENTIAL
[01:04:01] NEW AIR SERVICE INCENTIVES, WE DO HAVE
[01:04:03] PUGET IN FOR THAT, AS WELL AS THE
[01:04:07] POTENTIAL IMPACTS OF PFAS, AS WELL AS
[01:04:10] ENVIRONMENTAL REMEDIATION LIABILITY
[01:04:12] COSTS. I DO WANT TO NOTE THAT WE DID NOT
[01:04:15] INCLUDE ANY BUDGET RELATED TO EMPLOYEE
[01:04:18] PARKING AND SNOW EVENTS. EMPLOYEE
[01:04:20] PARKING MEANING KIND OF THE NEW INCREASE

[01:04:23] IN VALUE FOR EMPLOYEE PARKING PASSES.
[01:04:26] AND SO THERE'S SOME ASSOCIATED TAX
[01:04:28] IMPLICATIONS THAT WE'RE STUDYING HERE AT
[01:04:31] THE AIRPORT AND THEN SNOW EVENTS. WE
[01:04:35] DON'T HAVE THE CRYSTAL BALL, RIGHT? SO
[01:04:36] WE WILL PROBABLY ABSORB THOSE COSTS AS
[01:04:41] THEY HAPPEN THIS YEAR OR FOR 2024.
[01:04:44] NEXT SLIDE PLEASE. SORRY TO ONE MORE
[01:04:46] QUESTION FROM COMMISSIONER FELLEMAN. WELL,
[01:04:48] MAYBE NOT. SO WITH REGARDS TO PFAS,
[01:04:52] I SEE ON PAGE 25, WE ACTUALLY HAVE A
[01:04:55] SIGNIFICANT REDUCTION IN ENVIRONMENTAL
[01:04:59] EXPOSURE, BUT IN FACT THERE IS THIS
[01:05:03] ENVIRONMENTAL REMEDIATION LIABILITY IS
[01:05:06] -97.8%,
[01:05:10] BUT THERE IS A HUGE UNCERTAINTY
[01:05:12] ASSOCIATED WITH PFAS, RIGHT? SO WE
[01:05:16] ARE ASSUMING THE WHOLE BUDGET, WE HAVE
[01:05:18] LIKE A PROPOSED BUDGET, WE DON'T HAVE
[01:05:20] ASSUMING THAT LABOR COSTS WILL BE MORE
[01:05:22] OR WE DON'T HAVE AN ASSUMPTION THAT ALL
[01:05:24] THESE ENVIRONMENTAL LOBBY LIABILITIES
[01:05:27] COME IN. WE'RE JUST KNOW THIS IS WHAT WE
[01:05:30] THINK, RIGHT? IT'S A SINGULAR, IT'S A
[01:05:32] SNAPSHOT IN TIME, RIGHT. AND SO I
[01:05:36] THINK THAT'S SOMETHING THAT WITH OUR
[01:05:38] DIRECTOR SARAH COX AND ENVIRONMENTAL FOR
[01:05:41] AVIATION CAN SPEAK MORE TO. BUT AS FAR
[01:05:44] AS I JUST USE THAT AS AN EXAMPLE,
[01:05:45] RIGHT, BUT FOR THE BUDGET PURPOSE, IT IS
[01:05:48] A SNAPSHOT IN TIME FOR THE ENVIRONMENTAL
[01:05:51] REMEDIATION LIABILITY. BUT SPEAKING TO
[01:05:53] PFAS, I CAN DEFER. TO MS. COX.
[01:05:56] THANK YOU AGAIN. SARAH COX WITH AVIATION
[01:05:59] ENVIRONMENT SUSTAINABILITY WITH RESPECT
[01:06:01] TO PFAS AND
[01:06:06] THE ENVIRONMENTAL REMEDIATION LIABILITY.
[01:06:09] WE ARE CURRENTLY DOING SITE ASSESSMENTS
[01:06:11] AND HAVE JUST INITIATED ENGAGEMENT WITH
[01:06:14] THE DEPARTMENT OF ECOLOGY. SO ONCE WE
[01:06:16] DEFINE WHAT AN OBLIGATING EVENT UNDER
[01:06:19] THAT REGULATORY FRAMEWORK LOOKS LIKE,
[01:06:22] WE WILL THEN INCORPORATE THAT INTO THE
[01:06:24] ERL. BUT AT THIS POINT IN TIME, IT'S
[01:06:26] EXPENSE RELATED FUNDING FOR OUR
[01:06:29] INVESTIGATION FOR PFAS. SO YOU DON'T
[01:06:31] EXPECT A CLEANUP BILL UNTIL THE
[01:06:33] FOLLOWING YEAR OR LATER, DEPENDING ON
[01:06:36] RIGHT, BUT THIS IS JUST TO STUDY THEN.
[01:06:40] SO WHILE I HAVE YOU THERE SO I SEE THE
[01:06:42] DECARBONIZATION STUDY, CORRECT. IS GRANT
[01:06:45] FUNDED? YES, IT'S THE MONEY IN HAND.
[01:06:50] 2024. WE HAVE AN
[01:06:53] FAA GRANT UP TO \$900,000
[01:06:58] TO EVALUATE DECARBONIZING, OUR CENTRAL
[01:07:02] MECHANICAL PLANT. SO THAT GRANT FUNDING
[01:07:05] IS ACTUALLY HARD MONEY? YES. ALL RIGHT,
[01:07:09] I'M SORRY. AND IT'S A PERCENTAGE
[01:07:14] WE REALLY NEED TO 1015. WE GOT 45
[01:07:17] MINUTES LEFT. WE GOT TO GET THROUGH
[01:07:19] UNCERTAINTIES IN OUR BUDGET. WE'RE AT DO
[01:07:22] THAT AND WE'LL HAVE A CHANCE AT THE END.
[01:07:23] THANK YOU. GO AHEAD. OKAY, I'M NOT GOING

[01:07:27] TO TAKE ANY MORE QUESTIONS UNTIL THE END
[01:07:28] OF HEIDI'S PRESENTATION.
[01:07:32] THANK YOU. AND WE CAN NEXT SLIDE,
[01:07:34] PLEASE.
[01:07:38] SO WE WANTED TO HIGHLIGHT THE
[01:07:40] COMMISSIONER 2024 BUDGET PRIORITIES.
[01:07:43] AND AS MANAGING DIRECTOR LITTLE
[01:07:45] MENTIONED EARLIER THAT THIS IS JUST A
[01:07:48] FEW OF THEM. IT'S NOT THE WHOLE
[01:07:50] INVENTORY OF PRIORITIES THAT WE'RE
[01:07:52] WORKING ON WITH THE COMMISSION AT THE
[01:07:55] AIRPORT, BUT JUST SOME OF THE NOTABLE
[01:07:57] ONES THAT WE WANTED TO ILLUSTRATE HERE
[01:08:01] THAT OUR INCREASE IN BUDGET FOR 2024
[01:08:05] WILL CONTINUE TO WORK IN PRECONDITIONED
[01:08:07] AIR, ANTI HUMAN TRAFFICKING, ACCESS TO
[01:08:10] AFFORDABLE, HIGH QUALITY CHILDCARE FOR
[01:08:12] AIRPORT WORKERS. AND LASTLY, HYGIENE
[01:08:15] PRODUCT VENDING MACHINES. NEXT SLIDE,
[01:08:18] PLEASE.
[01:08:22] OKAY, SO THIS SLIDE ILLUSTRATES OUR NET
[01:08:25] OPERATING INCOME FOR AERONAUTICAL. AND
[01:08:28] AS I MENTIONED EARLIER, AERONAUTICAL
[01:08:32] REVENUES ARE BASED, ARE COST RECOVERY
[01:08:34] AND ARE REGULATED BY THE FAA. AND SO,
[01:08:38] AS YOU CAN SEE HERE, TOTAL BASE REVENUES
[01:08:41] HAVE A MODEST INCREASE FOR 2024 OF 4.3%,
[01:08:46] AS WELL AS THE AERONAUTICAL AERONAUTICAL
[01:08:51] EXPENSES, ROUGHLY ABOUT 8.9%.
[01:08:55] NEXT SLIDE, PLEASE.
[01:09:01] THIS SLIDE ILLUSTRATES OUR NON
[01:09:03] AERONAUTICAL NET OPERATING INCOME. IT IS
[01:09:06] A LOT OF NUMBERS, BUT TO YOUR POINT,
[01:09:08] COMMISSIONER CHO, AS I MENTIONED,
[01:09:10] PUBLIC PARKING IS INCREASING IN REVENUE
[01:09:14] BECAUSE IT CAPTURES THAT RATE INCREASE
[01:09:16] IN 2023, BUT ALSO PASSENGER BEHAVIOR.
[01:09:20] SO WE SEE A 14.7% INCREASE IN REVENUES
[01:09:24] FOR PUBLIC PARKING WHEN COMPARED TO
[01:09:26] 2023. AND ALSO RENTAL CARS, WE SEE A
[01:09:29] 14.4% INCREASE.
[01:09:33] AND THEN THE OTHER LINE ITEMS ASSOCIATED
[01:09:36] WITH NON AERONAUTICAL REVENUE STREAMS,
[01:09:38] AIRPORT DINING AND RETAIL CLUBS AND
[01:09:41] LOUNGES AND UTILITIES. AND THEN AGAIN,
[01:09:44] JUST WANT TO HIGHLIGHT THAT IN THE LESS
[01:09:48] CONCESSION RELIEF GRANTS ROW. AS YOU CAN
[01:09:51] SEE, WE'VE EXHAUSTED ALL OF THOSE GRANTS
[01:09:54] IN 2024. SO JUST WANTED TO POINT THAT
[01:09:57] OUT THAT WE'VE
[01:10:01] DRAWN DOWN ON ALL OF THOSE GRANTS.
[01:10:04] NEXT SLIDE, PLEASE.
[01:10:09] NOW, COMMISSIONER TRO, THIS IS THE SLIDE
[01:10:11] I WAS ALLUDING TO EARLIER. SO THIS
[01:10:14] ILLUSTRATES THE NON AERONAUTICAL
[01:10:16] REVENUES IN COMPARED TO EMPLOYMENTS.
[01:10:20] AS YOU CAN SEE, THE EMPLOYMENTS ARE
[01:10:22] RECOVERING FROM 2019, BUT YOU SEE THE
[01:10:25] PASSENGER BEHAVIOR OF UTILIZING NON
[01:10:28] AERONAUTICAL REVENUES. PUBLIC PARKING,
[01:10:30] GROUND TRANSPORTATION HAS INCREASED MORE
[01:10:34] AND WE ASSUME THAT IT IS
[01:10:37] ASSOCIATED WITH FOLKS TAKING ADVANTAGE

[01:10:40] OF MORE ADVANTAGE OF CLUBS AND LOUNGES
[01:10:42] AND THE PARKING AT THE AIRPORT GARAGE.
[01:10:49] NEXT SLIDE, PLEASE. SO NOW WE'LL
[01:10:52] TRANSITION TO TALK TO REVIEW OUR FIVE
[01:10:55] YEAR PRELIMINARY CAPITAL FORECAST.
[01:10:58] NEXT SLIDE.
[01:11:05] AND SO WITH THIS SLIDE, WE WANT TO
[01:11:06] PROVIDE KIND OF AN OVERVIEW OF OUR
[01:11:09] CAPITAL PROGRAM OBJECTIVES. WE WANT TO
[01:11:12] PROVIDE FACILITIES THAT MEET OR EXCEED
[01:11:14] OUR STRATEGIC AND BUSINESS PLAN
[01:11:16] OBJECTIVES. AS MANAGING DIRECTOR LITTLE
[01:11:19] MENTIONED EARLIER, FIVE STAR TRACKS
[01:11:21] RATING AND TOP 25 AIRPORT SERVICE
[01:11:24] QUALITY. WE WANT TO MAKE SURE WE'RE THE
[01:11:27] MOST ACCESSIBLE AIRPORT AND THE GREENEST
[01:11:30] AIRPORT. AND SOME OF THOSE EXAMPLE
[01:11:33] PROJECTS THAT ARE HELPING US GET THERE
[01:11:35] OR WILL HELP US GET THERE, IS OUR SEA
[01:11:38] GATEWAY NORTH MAIN TERMINAL
[01:11:39] REDEVELOPMENT PROJECT, OUR C CONCOURSE
[01:11:42] EXPANSION PROJECT, AND ALSO OUR BAGGAGE
[01:11:45] OPTIMIZATION PROJECT. AND THESE ARE
[01:11:47] CONSIDERED THREE OF OUR MEGAPROJECTS,
[01:11:51] WHICH ARE OVER \$300 MILLION. NEXT SLIDE,
[01:11:54] PLEASE.
[01:11:59] SO, AS YOU CAN SEE HERE, THIS IS A LOOK
[01:12:02] AHEAD OF OUR CAPITAL PROGRAM FORECAST.
[01:12:05] ON THE TOP THERE TO THE LEFT, YOU'LL SEE
[01:12:07] OUR MEGA PROJECTS. AS I MENTIONED
[01:12:11] JUST MOMENTS AGO, BAGGAGE OPTIMIZATION,
[01:12:14] C CONCOURSE, SEA GATEWAY,
[01:12:17] S CONCOURSE, EVOLUTION, AND THE MAIN
[01:12:20] TERMINAL IMPROVEMENT PROJECTS ARE SOME
[01:12:21] OF OUR LARGER PROJECTS THAT WE HAVE AT
[01:12:24] THE AIRPORT. AND WITH JUST THOSE
[01:12:27] MEGAPROJECTS, WE ANTICIPATE IN THE FIVE
[01:12:30] YEAR FORECAST,
[01:12:34] ROUGHLY \$2.3 BILLION OF CASH
[01:12:38] FLOWS. AND THEN DOWN BELOW YOU'LL SEE
[01:12:40] THAT WE HAVE A LINE ITEM FOR OTHER
[01:12:42] CAPITAL PROJECTS, OUR SAMP PRELIMINARY
[01:12:45] PLANNING AND DESIGN FORECAST, AND CIP
[01:12:49] RESERVES. NEXT SLIDE, PLEASE.
[01:12:55] SO THIS SLIDE ILLUSTRATES IN A BAR CHART
[01:12:58] FORM THAT WITH OUR MEGAPROJECTS, WHICH
[01:13:02] ARE THE DARK BLUE, WE ANTICIPATE OUR
[01:13:05] PEAK SPENDING IN 2025 AT ROUGHLY
[01:13:09] 1.25 BILLION. AND SO IN THE GREEN,
[01:13:13] YOU SHOULD SEE THE 100 TO 300 MILLION
[01:13:16] DOLLAR PROJECTS. AND THEN THE
[01:13:20] LIGHTER BLUE, YOU SEE THE 20 TO 100
[01:13:23] MILLION DOLLAR PROJECTS. AND THEN THE
[01:13:25] ORANGE IS SOME OF OUR LOWER UNDER \$20
[01:13:27] MILLION PROJECTS. AND THEN THE GRAY IS
[01:13:30] OUR CIP RESERVES. SO OVER THE FIVE YEAR
[01:13:33] PERIOD, WE'RE FORECASTING TO SPEND
[01:13:36] APPROXIMATELY \$5 BILLION.
[01:13:39] AND THIS WILL HELP US BE READY FOR THE
[01:13:42] FIFA WORLD CUP IN 2026. SO WE WANT TO
[01:13:46] MAKE SURE WE GET THOSE PROJECTS UNDERWAY
[01:13:48] TO ACCOMMODATE PASSENGERS AND TRAVELERS
[01:13:52] DURING THAT TIME. NEXT SLIDE, PLEASE.

[01:13:58] SO, AS WE PRIORITIZE OUR BUDGET
[01:14:02] REQUEST, WE ALSO PRIORITIZE AND
[01:14:05] CATEGORIZE OUR CAPITAL PROJECTS. SO THIS
[01:14:08] IS A TABLE THAT ILLUSTRATES THE VARIOUS
[01:14:10] CATEGORIES OF OUR CAPITAL PROJECTS. AS
[01:14:13] YOU CAN SEE, THE PURPLE IS OUR
[01:14:15] MEGAPROJECTS, AS I MENTIONED EARLIER,
[01:14:18] BUT ALSO LOOKING AT OUR RENEWAL
[01:14:20] REPLACEMENT FORECAST, APPROXIMATELY \$700
[01:14:23] MILLION. WE'RE STAYING ON TOP OF RENEWAL
[01:14:27] AND REPLACEMENT. ONE EXAMPLE PROJECT IS
[01:14:31] OUR INDUSTRIAL WASTE TREATMENT PLANT.
[01:14:34] WE'RE DOING EXPANSION THERE OR
[01:14:36] RENOVATIONS THERE. ALSO, WE HAVE OUR
[01:14:39] BUSINESS NEEDS OF ROUGHLY 770,000,000.
[01:14:42] AND AN EXAMPLE PROJECT
[01:14:45] IS OUR POST INTERNATIONAL ARRIVALS
[01:14:49] FACILITY, AIRLINE REALIGNMENT. AND THEN
[01:14:52] WE HAVE NOISE, OUR SAMP DESIGN, PRE
[01:14:55] APPROVAL AND SLOWER AGREEMENT AS WELL AS
[01:14:58] RESERVES AND ALLOWANCES. SO, JUST WANTED
[01:15:01] TO ILLUSTRATE THIS IN A WAY LIKE A PIE
[01:15:03] CHART, AS WELL AS SHOW THE CATEGORY
[01:15:06] COSTS. NEXT SLIDE, PLEASE.
[01:15:13] SO, WE HAVE INCLUDED TWO NEW PROJECTS IN
[01:15:16] THE 2024 BUDGET. ONE IS A GATE
[01:15:20] MODIFICATION PROJECT, ROUGHLY
[01:15:21] 115,000,000. AND THE SECOND PROJECT IS A
[01:15:25] SMALL JOBS PROJECT OF \$10 MILLION,
[01:15:28] WHICH IS TO DO WORK AT THE AIRPORT
[01:15:32] FOR JOBS THAT ARE UNDER \$300,000. SO
[01:15:36] THAT'S JUST SIMPLY JUST TWO PROJECTS
[01:15:38] THAT WE'VE ADDED FOR 2024. NEXT SLIDE,
[01:15:42] PLEASE. SO NOW WE'LL
[01:15:45] TRANSITION TO THE LOOK AHEAD AND THE
[01:15:47] PRELIMINARY FINANCIAL FORECAST, LOOKING
[01:15:49] AT REVENUES AND EXPENDITURES IN TOTAL.
[01:15:53] NEXT SLIDE, PLEASE.
[01:15:57] AND LOOKING AT OUR FINANCIAL FORECAST
[01:15:59] OBJECTIVES. IT'S REALLY TO ENSURE THAT
[01:16:01] THE AIRPORT'S FIVE YEAR FINANCIAL LOOK
[01:16:03] MEETS OR EXCEEDS OUR FINANCIAL
[01:16:05] PERFORMANCE. AND WE HAVE THOSE KEY
[01:16:07] FINANCIAL TARGETS THAT I'VE MENTIONED
[01:16:10] EARLIER ABOUT ACHIEVING GREATER THAN
[01:16:15] 1.4 TIMES OF OUR DEBT SERVICE COVERAGE
[01:16:18] IN THE 18 MONTHS OF CASH ON HAND FOR OUR
[01:16:21] AIRPORT DEVELOPMENT FUND. AND ALSO JUST
[01:16:24] CONSISTENTLY GROWING OUR NON
[01:16:25] AERONAUTICAL REVENUES. NEXT SLIDE,
[01:16:28] PLEASE.
[01:16:33] SO WITH THIS TABLE, IT IS A LOOK AHEAD
[01:16:35] AND WE INCLUDED SOME VERY CONSERVATIVE
[01:16:39] FINANCIAL ASSUMPTIONS FOR OUR
[01:16:41] AERONAUTICAL REVENUES AND NON
[01:16:43] AERONAUTICAL REVENUES, AS WELL AS OUR
[01:16:45] OPERATING EXPENSES. WE DO
[01:16:49] SEE AN AVAILABILITY
[01:16:53] FOR DEBT SERVICE OVER THE FORECAST THAT
[01:16:56] ROW, AS WELL AS LOOKING AT OUR
[01:16:59] CFC, WHICH IS OUR CUSTOMER FACILITY
[01:17:02] CHARGE OFFSETS. THOSE ARE COSTS THAT ARE
[01:17:05] PAID BY THE RENTAL CAR COMPANIES AND

[01:17:07] THEN OUR PASSENGER FACILITY CHARGE
[01:17:10] OFFSETS INCREASE MODESTLY THROUGH
[01:17:14] THE FORECAST. NEXT SLIDE,
[01:17:17] PLEASE.
[01:17:22] SO, CONSIDERING OUR FINANCIAL FORECAST,
[01:17:24] WE ALSO HAVE THE FORECAST METRICS THAT
[01:17:27] I'VE BEEN ALLUDING TO AGAIN,
[01:17:30] DEBT SERVICE COVERAGE. THIS IS THE LOOK
[01:17:32] AHEAD AS WELL AS LOOKING AT CASH ON
[01:17:35] HAND, OUR COST PER EMPLOYMENT FORECAST
[01:17:41] AND THE OTHER ITEMS, I DON'T WANT TO GO
[01:17:43] THROUGH THEM ALL, BUT JUST TO KNOW THAT
[01:17:44] THOSE ARE SOME OF THE FINANCIAL FORECAST
[01:17:46] METRUCK THAT WE MONITOR AND TRY TO
[01:17:49] TARGET AT THE AIRPORT. NEXT SLIDE.
[01:17:56] OUR NEXT SECTION WILL GO INTO EQUITY AND
[01:17:58] SPENDING. AND FOR THE AIRPORT, WE HAVE
[01:18:02] THREE ITEMS THAT ARE NEW IN THE 2024
[01:18:06] BUDGET. FOR EQUITY AND SPENDING, WE HAVE
[01:18:08] OUR CELEBRATIONS AND CULTURAL CONNECTION
[01:18:10] EVENTS FOR SEA'S 75TH ANNIVERSARY.
[01:18:14] THAT'S GOING TO BE A COST SHARE BETWEEN
[01:18:16] OUR CONCESSIONAIRE TENANT MARKETING FUND
[01:18:20] AND WITH THE AIRPORT. ALSO,
[01:18:23] WE'RE SPONSORING OUR OPEN DOORS
[01:18:25] ORGANIZATION AND CO HOSTING UNIVERSAL
[01:18:27] ACCESS AND AVIATION CONFERENCE, AS WELL
[01:18:31] AS INCREASING OUR ENGAGEMENT WITH THE
[01:18:34] AIRPORT MINORITY ADVISORY COUNCIL.
[01:18:38] NEXT SLIDE.
[01:18:42] THIS CHART ILLUSTRATES KIND OF OUR
[01:18:44] OVERALL SPENDING. SO IT INCLUDES OUR NEW
[01:18:48] EQUITY AND SPENDING REQUEST FOR 2024,
[01:18:51] AS WELL AS OUR EXISTING EQUITY AND
[01:18:53] SPENDING ELEMENTS. AND SO FOR
[01:18:55] ENGAGEMENT, WE SEE IN THE GREEN THERE
[01:18:58] 650,000 FOR 2024, SUPPLIER DIVERSITY,
[01:19:02] 205,000, AND REMOVING SYSTEMIC
[01:19:06] BARRIERS, 163,000 AND THEN COMMUNITY
[01:19:09] INVESTMENTS, 100,000, TOTALING 1.1
[01:19:13] MILLION. NEXT SLIDE, PLEASE.
[01:19:18] AND THEN THIS IS JUST ILLUSTRATING IT BY
[01:19:21] YEAR AND SOME DETAIL ON THOSE NON
[01:19:23] RECURRING INVESTMENTS OF SOME OF THE NEW
[01:19:25] INVESTMENTS THAT WE ADDED FOR 2024 AND
[01:19:27] SOME OF OUR ONGOING INVESTMENTS IN
[01:19:30] EQUITY AND SPENDING AT THE AIRPORT.
[01:19:33] NEXT SLIDE.
[01:19:36] SO WITH THAT PRESENTATION OF ALL THOSE
[01:19:39] ELEMENTS, WE WANTED TO MAKE SURE YOU
[01:19:41] HAVE SOME KEY BUDGET TAKEAWAYS FOR THE
[01:19:44] AVIATION PRELIMINARY BUDGET AND SO
[01:19:47] LOOKING AT REVENUES AGAIN, ONLY LIMITING
[01:19:50] IT OR INCREASING AT 7.5%.
[01:19:53] ALSO SOME OF THE EXPENSE COMPONENTS TO
[01:19:57] KEEP IN MIND AND LOOKING AT OUR
[01:19:59] FINANCIAL FORECAST, SOME OF THE TARGETS
[01:20:01] THAT WE ANTICIPATE MEETING AND BEING
[01:20:04] MINDFUL OF THE BUDGET UNCERTAINTIES THAT
[01:20:06] WE ARE KEEPING TOP OF MIND AS WE
[01:20:10] GO THROUGH, PREPARE THE BUDGET AND GO
[01:20:13] INTO 2024. AND WITH
[01:20:16] THAT NEXT SLIDE, PLEASE. THAT CONCLUDES

[01:20:19] THE PRESENTATION. HAPPY TO TAKE
[01:20:21] QUESTIONS. EXCELLENT. THANK YOU SO MUCH,
[01:20:24] HEIDI. I REALLY APPRECIATE IT. WE'RE
[01:20:25] GOING TO START WITH COMMISSIONER
[01:20:26] HASEGAWA. GOOD MORNING, HEIDI. GOOD
[01:20:29] MORNING. THANK YOU FOR THE PRESENTATION.
[01:20:30] I JUST HAVE A COUPLE OF CLARIFYING
[01:20:32] QUESTIONS. SURE. SO ON SLIDE 32,
[01:20:36] WHEN YOU SAID THAT YOU EARMARKED SPACE
[01:20:40] FOR THE HR COMPENSATION PROJECT PENDING
[01:20:43] COMPLETION, DID YOU CALCULATE THAT BY
[01:20:46] THE NUMBER OF IMPACTED PERSONNEL?
[01:20:50] SO I WILL DEFER TO OUR
[01:20:54] EXECUTIVE ON THAT QUESTION.
[01:20:58] YEAH, WE JUST HAVE A NUMBER THERE.
[01:21:00] WE'RE NOT SURE EXACTLY WHERE WE'LL LAND
[01:21:01] WHEN WE COMPLETE THE WORK. SO IT'S
[01:21:04] BASICALLY A NUMBER THAT WE CAME UP WITH
[01:21:07] SIMILAR A PLUG TO DO THAT. IF IT WAS
[01:21:09] ABOVE OR BELOW THAT, WE CAN ADJUST TO
[01:21:11] THAT. AND THE NUMBER WAS 6 MILLION.
[01:21:15] I BELIEVE THAT WE PLUGGED IN THERE FOR
[01:21:16] THAT. IS IT LIKE A RANDOM
[01:21:19] EARMARKED NUMBER OR HOW IS THAT NUMBER
[01:21:21] CALCULATED? IT'S PRETTY CLOSE BECAUSE
[01:21:23] WE'RE STILL NOT FINISHED OF WHAT THE
[01:21:25] TOTAL IMPACT IS. BUT WE WANTED TO HAVE
[01:21:27] SOMETHING THAT WE COULD ADJUST TO RATHER
[01:21:29] THAN LEAVING IT BLANK AND KNOWING
[01:21:31] BECAUSE WE DIDN'T HAVE A NUMBER. SO IT'S
[01:21:35] OUR BEST GUESS OF WHAT WITHIN A
[01:21:38] PERCENTAGE PLUS OR MINUS A PERCENTAGE
[01:21:41] THAT WE THINK IT'S GOING TO. IT MIGHT BE
[01:21:44] A FOLLOW UP QUESTION FOR DIRECTOR
[01:21:46] GERARD, BUT I'M WONDERING IF WE HAVE AN
[01:21:48] ESTIMATE OF HOW MANY PERSONNEL MIGHT BE
[01:21:50] IMPACTED BY THE COMMISSIONER. THANK YOU.
[01:21:53] THAT'S WHAT WE'RE WORKING ON NOW. WE CAN
[01:21:55] REPORT BACK ON THAT ON THE WHOLE PROCESS
[01:21:57] OF HOW WE'RE GOING. AND THEN ON PAGE
[01:22:00] SLIDE 35,
[01:22:02] JUST OH, I'M SO SORRY. SLIDE 33.
[01:22:10] I AM SO PLEASED TO SEE THAT YOU'VE
[01:22:12] EARMARKED AND PULLED OUT FOR US THESE
[01:22:16] COMMISSIONER 2024 BUDGET PRIORITIES.
[01:22:20] IN PARTICULAR, CONTINUING THE EFFORT TO
[01:22:22] COMBAT HUMAN TRAFFICKING, TO DEVELOP
[01:22:27] A REQUEST FOR A PROPOSAL TO CONTINUE THE
[01:22:30] EFFORT TO ESTABLISH AFFORDABLE,
[01:22:32] QUALITY, ACCESSIBLE CHILDCARE FOR
[01:22:35] AIRPORT WORKERS AND ALSO FOR HYGIENE
[01:22:38] PRODUCTS. THE VISION WAS THAT THE
[01:22:40] HYGIENE PRODUCTS WOULD BE FREE,
[01:22:42] INCLUDING FOR TRAVELING MEMBERS OF THE
[01:22:45] PUBLIC. SO I'M JUST WONDERING ABOUT THE
[01:22:47] NOMENCLATURE HERE. HYGIENE PRODUCT,
[01:22:49] VENDING MACHINE OR IS IT SOMETHING
[01:22:53] THAT FOLKS WILL HAVE TO PAY IN ORDER TO
[01:22:56] ACCESS? OR IS IT ACTUALLY JUST A
[01:22:58] DISPENSER WHERE YOU PUSH AND IT COMES
[01:23:00] OUT? AS I UNDERSTAND IT, IT'S A
[01:23:03] DISPENSER, NOT SOMETHING.
[01:23:07] IT IS THE LATTER, COMMISSIONER. RIGHT.

[01:23:10] OKAY. I THOUGHT SO. THANK YOU SO MUCH
[01:23:12] FOR THAT DISTINCTION. NO FURTHER
[01:23:15] QUESTIONS. THANK YOU, PRESIDENT CHO.
[01:23:17] EXCELLENT. ANY OTHER QUESTIONS? YES,
[01:23:19] I'M GOING TO GO WITH RYAN FIRST. THANK
[01:23:23] YOU FOR THE PRESENTATION. JUST A FEW
[01:23:28] THOUGHTS AND QUESTIONS THAT I WROTE UP.
[01:23:30] SO I GET THIS PRESENTATION. WE RECEIVED
[01:23:33] IT IN ADVANCE AND I READ THROUGH IT.
[01:23:34] AND MY VERY FIRST THOUGHT WAS IF THIS
[01:23:37] WERE A TYPICAL BUSINESS, EVERYBODY WOULD
[01:23:40] WANT TO GET INTO IT. IT'S INCREDIBLY
[01:23:42] GOOD CASH FLOW COMING OUT OF THIS
[01:23:44] ENTITY. JUST EXTRAORDINARY WHEN YOU LOOK
[01:23:46] AT THE OVERALL NUMBERS THAT OUR NET
[01:23:48] OPERATING INCOME IS \$360,000,000.
[01:23:53] WE ALSO HAVE AN ENTITY THAT
[01:23:57] HAS A RAVENOUS APPETITE FOR CAPITAL
[01:24:00] CONSTRUCTION. AND SO WE TAKE ALL THAT
[01:24:02] NET CASH FLOW EACH YEAR AND WE
[01:24:04] IMMEDIATELY PUT IN TO BUILDING NEW
[01:24:06] BUILDINGS, TO, OBVIOUSLY SOME
[01:24:09] MAINTENANCE PROJECTS AND REFURBISHMENT.
[01:24:13] IT'S JUST AN ENORMOUS AMOUNT OF
[01:24:17] ECONOMIC ACTIVITY IN THIS ONE PLACE.
[01:24:20] AND I THINK A FEW THINGS THAT COME OUT
[01:24:23] OF THAT IS IT
[01:24:27] IS IN THIS
[01:24:30] NEXT FIVE YEAR CYCLE WHERE YOU SHOW THAT
[01:24:34] WE'RE PLANNING TO SPEND \$4.9 BILLION.
[01:24:37] IF WE MEET ALL OF THIS, AS YOU POINT
[01:24:40] OUT, OUR DEBT SERVICE COVERAGE IS GOING
[01:24:41] TO DROP SIGNIFICANTLY FROM 1.8 TO, I
[01:24:44] THINK 1.5, YOU SAID. CORRECT?
[01:24:49] THOSE NUMBERS ARE BASED ON US MEETING
[01:24:52] THE CAPITAL BUDGET TARGETS.
[01:24:56] WHAT IS OUR RECORD FOR IF WE BUDGET,
[01:24:59] LET'S SAY, A BILLION DOLLARS FOR ANY
[01:25:00] GIVEN YEAR, HOW FREQUENTLY DO WE
[01:25:03] ACTUALLY SPEND ABOUT A BILLION DOLLARS?
[01:25:05] OR IS IT NORMALLY MORE THAN THAT OR
[01:25:07] NORMALLY LESS THAN THAT? THAT'S A GREAT
[01:25:10] QUESTION. I'LL BE GLAD TO JUMP IN
[01:25:13] BECAUSE COMMISSIONER, I GO BACK TO THE
[01:25:15] STUDY, IF THAT'S OKAY. OF COURSE, A FEW
[01:25:18] YEARS AGO, AND LANCE WOULD BE GLAD TO
[01:25:21] CHIME IN TOO, THAT WE DID THAT STUDY OF
[01:25:24] SAYING OVER. IT MAY NOT BE PERFECT WITH
[01:25:25] A GIVEN YEAR BECAUSE PROJECTS MAY SLIDE
[01:25:27] WITHIN A GIVEN YEAR, BUT OUR TRACK
[01:25:29] RECORD IS ABOUT HIGHER THAN 60%.
[01:25:33] I'M LOOKING ON YOUR 75.
[01:25:37] 75% ACCOMPLISHING IT WITHIN A FIVE YEAR
[01:25:40] PERIOD. SO LET'S SAY WE STICK TO THAT
[01:25:42] TREND OF 75%. THEN BY THE TIME WE GET TO
[01:25:45] 2028, WE WON'T HAVE
[01:25:48] SPENT NEARLY AS MUCH ON CAPITAL AS WE
[01:25:51] HAD BUDGETED AND QUITE HONESTLY, HAD
[01:25:52] HOPED TO BECAUSE WE WANT TO BE ABLE TO
[01:25:54] SPEND ALL THIS MONEY AND GET ALL THESE
[01:25:55] PROJECTS DONE. BUT IF WE DON'T, OUR DEBT
[01:25:57] SERVICE COVERAGE WILL BE SIGNIFICANTLY
[01:25:59] LOWER. WOULDN'T IT BE, IN THAT CASE, IF

[01:26:02] WE SPEND LESS AND OUR REVENUES ARE
[01:26:05] RELATIVELY CLOSE TO WHAT WE ME,
[01:26:09] I HAVE MY COLLEAGUE HAN, IF YOU WANT TO
[01:26:12] COME SPEAK TO THIS.
[01:26:22] HAN WYNN, SENIOR MANAGER AT AVIATION
[01:26:25] FINANCE. SO OUR PLAN, THE FIVE YEAR
[01:26:28] PLAN, IF WE DON'T SPEND ANY FURTHER
[01:26:32] PROJECTS BEYOND 2028, THEN OUR DEBT
[01:26:34] SERVICE WILL INCREASE BECAUSE WE'RE NOT
[01:26:37] PAYING FOR THE DEBT. BUT RIGHT NOW WE
[01:26:40] HAVE A BIGGER CAPITAL PROGRAM. AND SO
[01:26:42] WHAT YOU'RE SEEING RIGHT NOW IS FIVE
[01:26:43] YEAR, BUT WE DO HAVE A TEN YEAR PROGRAM
[01:26:46] THAT'S UPCOMING. OKAY, GREAT.
[01:26:52] WE'RE DOING GREAT BASED ON THE
[01:26:55] NUMBERS, PARTICULARLY COMING OUT OF
[01:26:57] COVID AND WE'RE SEEING LOTS OF POSITIVE
[01:27:00] SIGNS HERE. I WANT TO DIG IN
[01:27:03] A LITTLE BIT TO THE WHOLE AIRPORT
[01:27:05] ECOSYSTEM AND ASK THE QUESTION, IS IT
[01:27:07] THAT WE'RE DOING WELL, BUT OUR VENDORS,
[01:27:09] CARRIERS, ET CETERA, ARE NOT DOING WELL?
[01:27:11] OR IS IT THAT GENERALLY,
[01:27:14] THE FINANCES OF THE AIRPORT, ITS
[01:27:17] VENDORS, ITS CARRIERS, THE SMALL
[01:27:19] BUSINESSES, IS IT GENERALLY POSITIVE
[01:27:22] NEWS? I WOULD SAY SO.
[01:27:25] GENERALLY POSITIVE. I CAN JUMP INTO
[01:27:27] THAT. AND IF KELLY IS IN THE ROOM OR
[01:27:30] JEFF WOLF OR THEY'RE ONLINE, THEY CAN
[01:27:31] JUMP INTO THAT. GENERALLY, WE ARE DOING
[01:27:35] GOOD. GENERALLY, THERE ARE SOME, OF
[01:27:37] COURSE, SOME VENDORS THAT ARE DOING
[01:27:38] BETTER THAN OTHERS. MANY OF OUR TENANTS,
[01:27:42] THOUGH, COMMISSIONER, THEY FACE THE
[01:27:44] CHALLENGE OF NOT BEING ABLE TO STAFF
[01:27:48] THEIR BUSINESS APPROPRIATELY. SO SOME OF
[01:27:51] THEM THAT WOULD LIKE TO OPEN LONGER OR
[01:27:53] TO HAVE MORE SEATS AVAILABLE, I THINK
[01:27:55] SOME OF THEM ARE STILL STRUGGLING
[01:27:56] BECAUSE THEY JUST DON'T HAVE THE STAFF
[01:27:58] AT HAND. BUT I WOULD SAY THAT GENERALLY
[01:28:00] THEY'RE DOING REALLY WELL. AND I DON'T
[01:28:02] KNOW IF KALIA OR JEFF WOLF IS ONLINE
[01:28:06] TO MAYBE BACK ME UP ON THAT ONE, BUT
[01:28:08] THAT'S A CONVERSATION THAT I'VE HAD WITH
[01:28:10] KALIA MOORE. OKAY, YEAH, I THINK THAT'S
[01:28:13] A PARTICULARLY IMPORTANT THING FOR US TO
[01:28:16] THINK ABOUT AS WE MOVE BACK IN AGAIN TO
[01:28:18] THE CONVERSATION AROUND THE NEXT SLOA,
[01:28:20] TOO, IS JUST TO SORT OF UNDERSTAND THE
[01:28:22] HEALTH OF EVERYONE INVOLVED.
[01:28:26] LAST QUESTION ON THE BUDGET ITSELF IS
[01:28:32] I'M TRYING TO THINK AS COMMISSIONER,
[01:28:34] WE'RE TRYING TO THINK LONG TERM. AND
[01:28:38] EVEN IN SIX YEARS HERE, I REALLY HAVEN'T
[01:28:43] BEEN LOOKING AT A BUDGET WHERE CAPITAL
[01:28:46] SPEND IS DECREASING OR IS RELATIVELY
[01:28:48] MINIMAL. AND YET THERE HAVE BEEN PERIODS
[01:28:50] IN PORT HISTORY WHEN WE DIDN'T INVEST
[01:28:52] ALL THAT MUCH IN THE AIRPORT, EITHER
[01:28:53] BECAUSE OF A PROLONGED ECONOMIC SLOWDOWN
[01:28:56] OR TROUBLE IN THE AVIATION INDUSTRY.

[01:28:58] AND IN FACT, PERIODS LIKE THIS ARE
[01:29:01] SOMEWHAT ATYPICAL. WE'RE IN THE MIDDLE
[01:29:04] OF A GENERATION OR EVEN MAYBE A HALF
[01:29:06] CENTURY SPEND ON THE AIRPORT. IT SEEMS
[01:29:08] TO ME THAT I REMEMBER ONE OF THE
[01:29:11] EARLIEST PRESENTATIONS ON THE NORTH AND
[01:29:13] SOUTH SATELLITES THAT I RECEIVED WAS
[01:29:15] ABOUT HOW THESE ARE FACILITIES FROM THE
[01:29:17] 1970S. NO REAL SIGNIFICANT INVESTMENT
[01:29:20] HAS BEEN MADE IN THEM. AND NOW, OVER THE
[01:29:22] COURSE OF THE TEN YEARS BEGINNING, FROM
[01:29:25] THE NORTH SATELLITE PROJECT THROUGH TO
[01:29:26] WHEN WE COMPLETE THE SOUTH SATELLITE
[01:29:28] PROJECT, WE'RE GOING TO SPEND \$2 BILLION
[01:29:30] ON THOSE TWO FACILITIES, AN
[01:29:31] EXTRAORDINARY AMOUNT OF MONEY. AND AS
[01:29:34] YOU MENTIONED, WE'RE NOT EVEN TALKING
[01:29:36] ABOUT SAMP HERE, WHICH WILL BE, IF IT
[01:29:39] COMES TO PASS, WILL BE A HUGE AMOUNT OF
[01:29:41] MONEY. AND SO THESE KINDS OF CAPITAL
[01:29:45] CAMPAIGNS THAT WE'RE IN THE MIDST OF
[01:29:46] RIGHT NOW ARE REALLY MAYBE ONLY
[01:29:50] THEY HAPPEN ONCE IN A GENERATION OR EVEN
[01:29:53] MAYBE ONCE AND A HALF CENTURY. AND
[01:29:56] KNOWING THAT WE'RE IN A CONSTRAINED
[01:29:58] FOOTPRINT, THIS MAY BE THE LAST BIG PUSH
[01:30:01] FOR EXPANSION OF THE FOOTPRINT AT SEATAC.
[01:30:04] AND SO I THINK FOR ME,
[01:30:07] OUR EFFORTS TO SHORE UP OUR INTERNAL
[01:30:10] CAPACITY TO TAKE ON THESE PROJECTS IS
[01:30:12] REALLY, REALLY IMPORTANT. AND SO WE
[01:30:16] TALKED ABOUT THIS, I THINK, AT THE LAST
[01:30:17] MEETING, ABOUT THE NEED TO HAVE NOT
[01:30:21] JUST WE SORT OF CENTERED ON ENGINEERING,
[01:30:23] BUT ALL OF THE CPO AND AUDIT TEAM AND
[01:30:27] EVERYONE THAT NEEDS TO COME AROUND. AND
[01:30:29] MAKE SURE THAT IN THESE BILLION DOLLAR
[01:30:30] BUDGETS, WE'RE MANAGING THAT MONEY WELL
[01:30:32] AND DOING THOSE PROJECTS IN SUCH A WAY
[01:30:34] THAT WE'RE KEEPING ON SCHEDULE AND
[01:30:36] BUDGET AS BEST AS POSSIBLE WITHOUT A LOT
[01:30:39] OF WASTE. OR INEFFICIENCY THE
[01:30:43] LAST QUESTION I HAD IS I
[01:30:48] JUST COMMENT, I JUST WANT TO GO BACK TO
[01:30:51] SOMETHING THAT WE WERE TALKING ABOUT AT
[01:30:53] THE VERY START OF THIS CONVERSATION.
[01:30:55] AND I JUST WANT TO SAY TO YOU, STEVE, I
[01:30:58] THINK ON
[01:31:02] SLIDE THREE,
[01:31:06] WE COULD GO TO SLIDE THREE. SORRY,
[01:31:09] IT GOES WAY, WAY BACK.
[01:31:16] THIS DIAGRAM OF HOW WE MAKE DECISIONS
[01:31:20] WITHIN THE ORGANIZATION HAS BEEN A REAL
[01:31:23] POINT OF CLARITY FOR ME UNDER YOUR
[01:31:26] LEADERSHIP AS EXECUTIVE DIRECTOR, THAT
[01:31:29] IT HELPS US TO UNDERSTAND IN THE
[01:31:31] ORGANIZATION WHO'S DECIDING WHAT,
[01:31:34] WHO'S DECIDING THE TACTICS AND THE
[01:31:36] DETAILS AND WHO'S SETTING THE LONG TERM
[01:31:38] VISION AND ESSENTIALLY THE CENTURY
[01:31:41] AGENDA GOALS. AND IN FACT, IN 2020,
[01:31:45] THE COMMISSION DID UPDATE THE CENTURY
[01:31:47] AGENDA GOALS. IN JUNE OF 2020. WE

[01:31:48] UPDATED THEM WITH INPUT FROM MULTIPLE
[01:31:52] PEOPLE ON THE DIASPORA TODAY. AND SO WE
[01:31:56] DO OWN THOSE GOALS. THEY ARE OUR GOALS.
[01:31:58] AND I APPRECIATE THAT THROUGH THE
[01:32:01] DELEGATION OF AUTHORITY, WE HAVE GIVEN
[01:32:03] YOU THE AUTHORITY TO MAKE DECISIONS
[01:32:07] AROUND THE TACTICS AND THE DETAIL
[01:32:08] ORIENTED STUFF. AND SO I THINK IT'S A
[01:32:10] GOOD SYSTEM. THERE ARE TIMES WHEN I, AS
[01:32:12] A COMMISSIONER, WANT TO KNOW SOME OF THE
[01:32:14] DETAILS AROUND THAT STUFF. BUT AN
[01:32:16] EXAMPLE I OFTEN THINK OF IS, AND I'M NOT
[01:32:18] TRYING TO BRAG HERE, BUT THERE WAS A
[01:32:19] POINT IN MY CAREER WHERE I WAS AN EXPERT
[01:32:22] ON CERAMIC TILE AND MY SIX YEARS AT THE
[01:32:25] PORT OF SEATTLE, LITERALLY, I WAS ON THE
[01:32:27] TECHNICAL ADVISORY COMMITTEE FOR THE
[01:32:29] NATIONAL COUNCIL THAT DETERMINED WHERE
[01:32:32] TILE COULD BE USED. NOT ONCE AS A
[01:32:34] COMMISSIONER HAVE I EVER BEEN ASKED
[01:32:35] ABOUT CERAMIC TILE, EVEN THOUGH WE BUY A
[01:32:37] LOT OF IT AT THE PORT OF SALE,
[01:32:38] PARTICULARLY AT THE AIRPORT. AND THAT IS
[01:32:40] PERFECTLY APPROPRIATE. IF ANYBODY EVER
[01:32:42] WANTED TO ASK, THEY COULD. BUT I DON'T
[01:32:45] THINK THAT'S MY ROLE HERE. IN FACT, I
[01:32:47] THINK I NEED TO STAY MUCH HIGHER LEVEL.
[01:32:49] AND SO I REALLY APPRECIATE THIS
[01:32:51] BREAKDOWN OF AUTHORITY, AND I'M GOING TO
[01:32:53] CONTINUE TO SUPPORT THAT METHOD FOR
[01:32:55] MAKING DECISIONS AT THE PORT. THANK YOU.
[01:32:58] COMMISSIONER FELLEMAN,
[01:33:02] I STILL BELIEVE IT'S OBVIOUSLY NECESSARY
[01:33:04] TO SHOW COMMISSION INPUT IN THIS PROCESS
[01:33:07] AT A HIGHER LEVEL. I'M NOT TALKING ABOUT
[01:33:10] PRACTICAL MANAGEMENT ISSUES ON A DAY TO
[01:33:12] DAY BASIS. THERE'S NO WORD COMMISSION IN
[01:33:15] THIS STRUCTURE. WE'RE HIRED BY THE
[01:33:17] PUBLIC. WE HIRE YOU. WE SHOULD BE
[01:33:19] REFLECTED SOMEPLACE IN HERE. I'LL STAND
[01:33:22] BEHIND THAT. I DON'T WANT TO GET INTO A
[01:33:23] DEBATE WITH RYAN.
[01:33:27] ONE OF THE THINGS I SAW WAS INTERESTING
[01:33:28] WAS THAT CPE IS DOWN FOR 2024, BUT A
[01:33:32] CIP PEAK IS IN 2025. SO I ASSUME
[01:33:36] THE DECREASE IN THE CIP CPE
[01:33:40] IT'S EASY FOR YOU TO SAY IS DUE TO THE
[01:33:42] FACT THAT WE HAVE THESE OTHER NON
[01:33:44] AERONAUTICAL REVENUES GOING INTO WELL,
[01:33:48] SO FOR CPE, WHY IT'S GOING DOWN IS THAT
[01:33:52] WHERE THOSE CAPITAL PROJECTS WHILE
[01:33:54] THEY'RE IN CONSTRUCTION, THE AIRLINES
[01:33:56] AREN'T CHARGED THE DEBT SERVICE
[01:33:59] ASSOCIATED WITH IT UNTIL IT'S COMPLETED.
[01:34:01] SO THERE'S GOING TO BE A DELAY. AND
[01:34:04] YOU'LL SEE IT IN THE OUT YEARS, IT
[01:34:06] INCREASES VERSUS KIND OF THE NEAR TERM
[01:34:09] 2025. THANK YOU. GETTING BACK TO THAT
[01:34:12] OVERALL FIVE YEAR LOOK AT THINGS AND I'M
[01:34:15] JUST WONDERING, IN THE COURSE OF EACH
[01:34:16] ONE OF THESE PROJECTS, THERE'S ALL THESE
[01:34:18] UNCERTAINTIES WHETHER LABOR OR WHATEVER,
[01:34:21] AND YOU SAY, WELL, WE'RE DOING OUR BEST

[01:34:22] GUESS AND I APPRECIATE THAT, AND YOU'RE
[01:34:25] THE ONES THAT ARE THE POSITION TO MAKE
[01:34:27] THE BEST GUESS. BUT IT WOULD BE
[01:34:28] INTERESTING TO KNOW WHEN WE TALK ABOUT
[01:34:30] THESE UNCERTAINTIES, WHETHER WE'RE BEING
[01:34:32] OPTIMISTIC OR PESSIMISTIC,
[01:34:36] IS THE UNCERTAINTY OF THE RECESSION,
[01:34:38] HOW HEAVY IS THAT WEIGHING ON YOU IN
[01:34:41] TERMS OF JUST TO GET A SENSE OF IS THIS
[01:34:43] A TOTALLY CONSERVATIVE BUDGET OR ARE
[01:34:45] THERE PLACES WHERE WE'RE REALLY KIND OF
[01:34:47] LIKE PUSHING IT? AND SO I NEVER GET THAT
[01:34:49] SENSE IN TERMS OF WHEN YOU SAY WE MADE
[01:34:52] OUR BEST JUDGMENT, DOES THAT MEAN THAT
[01:34:54] YOU'RE BULLISH OR NOT? SO OVERALL
[01:34:58] IT'S IMPORTANT TO KNOW. BUT I'M JUST
[01:35:00] WONDERING, IT SEEMS TO ME IN CERTAIN
[01:35:02] AREAS THERE'S VARYING
[01:35:05] LEVELS OF UNCERTAINTY.
[01:35:08] THERE IS. AND I WILL SAY WE HAVE
[01:35:12] IN THE APPENDIX SECTION KIND OF SOME OF
[01:35:14] OUR CONSERVATIVE FINANCIAL FORECAST
[01:35:17] ASSUMPTIONS, RIGHT? LOOKING AT TAKING A
[01:35:20] LOOK BACK, WHAT HAS THE EXPERIENCE HAVE
[01:35:22] BEEN AND THEN INCLUDING A FORECAST
[01:35:25] ASSUMPTION FOR THE LOOK AHEAD AND ALSO
[01:35:28] WORKING WITH OUR CENTRAL SERVICE
[01:35:31] PARTNERS TO INFORM OUR ASSUMPTIONS AS
[01:35:34] WELL. SO IT'S NOT THIS KIND OF ARBITRARY
[01:35:39] NUMBER THAT WE'RE DROPPING IN. WE ARE
[01:35:42] MONITORING THE ECONOMY, THE MARKET, AND
[01:35:44] ALSO THE INDUSTRY, WHAT'S HAPPENING
[01:35:47] ACROSS THE NATION TO INFORM OUR
[01:35:50] ASSUMPTIONS TO BE MORE CONSERVATIVE.
[01:35:52] HOPEFULLY THAT OVERALL IT'S CONSERVATIVE
[01:35:55] ESTIMATES, AND I ASSUME THAT WOULD BE
[01:35:57] THE CASE. BUT THERE ARE CERTAIN PLACES.
[01:35:59] AND THE ONLY OTHER THING WAS CLEARLY
[01:36:02] THAT WE'RE INVESTING MONEY IN SAMP TO DO
[01:36:05] SOME DEVELOPMENT OF IDEAS, BUT PLANNING
[01:36:08] AND YOU DON'T THINK ANY CONSTRUCTION IS
[01:36:11] LIKELY TO BE GOING ON WITHIN THE FIVE
[01:36:13] YEAR BECAUSE WE KEEP ON TALKING ABOUT
[01:36:15] SAMP IS EXCLUDED, BUT IT'S THIS ELEPHANT
[01:36:17] IN THE CLOSET, OR IT IS IN THE ROOM.
[01:36:21] THE FORECAST EXCLUDES THE SAMP NEAR TERM
[01:36:24] PROJECT SO THAT WAS JUST LIKE ONE OF THE
[01:36:26] THINGS IS KNOW THIS BUDGET WITH SAMP.
[01:36:29] THIS BUDGET WITHOUT SAMP IN TERMS OF
[01:36:30] HAVING SOME PROJECTION OF WHETHER ONE
[01:36:35] OF THE UNCERTAINTIES WE'RE DEALING WITH.
[01:36:37] YEAH. WHAT'S INCLUDED COMMISSIONER, IN
[01:36:39] THE BUDGET FOR SAMP IS ACTUALLY GETTING
[01:36:41] THROUGH THE ENVIRONMENTAL REVIEW
[01:36:43] PROCESS, WHICH IS KIND OF THE FOCUS FOR
[01:36:45] US RIGHT NOW FOR SAMP IS TO TRY TO GET
[01:36:47] THROUGH THAT PROCESS BETWEEN NOW AND THE
[01:36:50] END OF 2024. I APPRECIATE THAT. I WAS
[01:36:53] JUST THINKING, LIKE, IN THE FIVE YEAR
[01:36:54] PLAN, THE POTENTIAL INCREASE IN BUDGET
[01:36:57] FOR CIP COULD BE SIGNIFICANT EVEN ABOVE
[01:37:00] AND BEYOND WHAT'S SO SIGNIFICANT IN
[01:37:03] FRONT OF US. SO, ANYWAY, I APPRECIATE

[01:37:04] SEEING THAT. AND WITH REGARDS TO THE
[01:37:06] ENVIRONMENTAL PRIORITIES AND STUFF LIKE
[01:37:08] THAT, WE'D LOVE TO SEE THE STAFF GOALS
[01:37:11] OF THE COMMISSION. WE'D MADE PROBABLY
[01:37:13] 10%, TEN YEARS. IT'S A HIGH REACH, BUT
[01:37:17] WE CONTINUE TO LOOK FOR STAFF
[01:37:20] RECOMMENDATIONS FOR HOW TO CONTINUING TO
[01:37:23] ADVANCE THAT GOAL. THANK YOU. GREAT.
[01:37:26] COMMISSIONER HASEGAWA, THE THING ABOUT
[01:37:30] BEING SEVEN MONTHS PREGNANT IS THE
[01:37:32] BIGGER YOU GET, THE FURTHER AWAY YOUR
[01:37:34] BUTTON GETS. THANKS FOR THE
[01:37:38] DELAY.
[01:37:42] I JUST WANTED TO ACKNOWLEDGE THAT THE
[01:37:46] WORK THAT YOU'RE DOING, BUDGETING FOR
[01:37:48] THE AIRPORT IS HARD WORK AND IT'S GOOD
[01:37:51] WORK. WE HAVE SEEN THROUGH THIS
[01:37:54] PRESENTATION THAT THE DEMAND FOR TRAVEL
[01:37:56] AT SEA IS CONTINUING TO GROW AND THAT IT
[01:38:00] HAS OFFICIALLY OUTSIZED PRE PANDEMIC
[01:38:02] LEVELS AND THAT THIS BUDGET DEMONSTRATES
[01:38:05] WE'RE DOING AS MUCH AS WE CAN TO BE.
[01:38:08] ABLE TO ACCOMMODATE THE DEMAND FOR
[01:38:10] TRAVEL WHILE BALANCING THAT WITH
[01:38:14] MAXIMIZING THE SPACE THAT WE ALREADY
[01:38:16] HAVE WITH BEST PRACTICES AND
[01:38:20] SUSTAINABILITY AND BALANCING THE
[01:38:23] CUSTOMER EXPERIENCE WITH EVOLVING NEEDS
[01:38:26] TO BEING ABLE TO PROMOTE SAFETY AS WELL
[01:38:30] AS A CULTURE OF INCLUSION. I THINK IT
[01:38:33] REALLY IS A CELEBRATION THAT, IN YOUR
[01:38:35] WORDS, THIS IS A MOSTLY GOOD NEWS
[01:38:39] PRESENTATION. RIGHT? BUT IT ALSO
[01:38:41] HIGHLIGHTS FOR ME, AS COMMISSIONER
[01:38:43] CALKINS MENTIONED, THE NEED TO BE ABLE
[01:38:45] TO THINK LONG TERM AND OUTSIDE OF
[01:38:47] OURSELVES. WE ARE DOING THE BEST WE CAN,
[01:38:50] GIVEN THE CIRCUMSTANCES. AND SO JUST
[01:38:53] LIFTING UP THAT ALL OF US HAVE TO BE
[01:38:55] THINKING REGIONALLY ABOUT THIS AND
[01:38:58] WHAT WE'RE DOING TO LEND OUR VOICE
[01:39:00] TOWARDS MAKING SURE THAT GROWTH CAN
[01:39:02] OCCUR OUTSIDE OF KING COUNTY PROPER.
[01:39:05] WE'RE DOING THE BEST WE CAN. AND SO I
[01:39:07] WANT TO COMMEND YOU ON ALL OF THAT, AND
[01:39:11] WE LOOK FORWARD TO SUBSEQUENT
[01:39:13] PRESENTATIONS WHERE WE'RE GOING TO BE
[01:39:16] TALKING MORE ABOUT WHAT WE'RE DOING FOR
[01:39:18] COMMUNITY INVESTMENTS, FOR
[01:39:19] SUSTAINABILITY, FOR RESILIENCY, TO
[01:39:22] PROMOTE HEALTH AND ECONOMIC
[01:39:23] OPPORTUNITIES, AND IN THE CONTEXT OF THE
[01:39:26] AVIATION BUDGET EXCLUSIVELY. YEAH,
[01:39:30] MOSTLY GOOD NEWS. AND THANK YOU. THANK
[01:39:33] COMMISSIONER MOHAMMED,
[01:39:38] I JUST HAVE A QUICK QUESTION ON SLIDE
[01:39:40] 33. THE COMMISSIONER 2024 BUDGET
[01:39:43] PRIORITIES FOR THE PRECONDITIONED AIR,
[01:39:46] THAT 100,000. THAT WAS BUDGETED FOR
[01:39:51] THIS YEAR, AND IT'S SHOWING UP AGAIN ON
[01:39:53] 2024. SO I WANT TO KNOW WHAT
[01:39:57] THE STATUS IS ON THAT. DID SOME OF THOSE
[01:39:59] PLANS AND IMPLEMENTATION HAPPEN THIS

[01:40:01] YEAR? DID THAT GET PUT ON PAUSE AND IS
[01:40:03] IT MOVING OVER TO NEXT YEAR? I JUST WANT
[01:40:07] TO UNDERSTAND THAT BETTER. YOU MIGHT AS
[01:40:09] WELL HAVE JUST STAYED UP HERE. I LIKE
[01:40:13] HEARING FROM YOU. THANK YOU AGAIN.
[01:40:16] SARAH COX WITH ENVIRONMENT
[01:40:18] SUSTAINABILITY. WITH RESPECT TO
[01:40:21] PRECONDITIONED AIR, WE HAVE MOVED
[01:40:24] FORWARD. WE'RE CONTINUING TO CONDUCT
[01:40:26] ASSESSMENTS ON THE PERFORMANCE. WE HAVE
[01:40:29] LOOKED AT IN PARTNERSHIP WITH THE
[01:40:31] AIRLINES, DIFFERENT MATERIALS THAT
[01:40:35] ARE NEEDED TO REPLACE SOME
[01:40:39] OF THE CURRENT HOSES. AND SO THIS IS
[01:40:41] JUST A CONTINUATION. WE HAVE COMPLETED
[01:40:43] WORK THIS YEAR, AND IT'S JUST A
[01:40:45] CONTINUATION OF THE WORK TO
[01:40:49] IMPLEMENT THE PROGRAM. SOME OF THE ITEMS
[01:40:52] WERE LONGER LEAD TIMES, BUT WE
[01:40:55] ARE CONTINUING TO MOVE FORWARD AND HAVE
[01:40:57] IMPLEMENTED IMPROVEMENTS. SO DOES THAT
[01:41:00] MEAN IN 2024 THERE'LL BE ADDITIONAL
[01:41:01] COSTS BEING INCURRED, OR IS THAT YES,
[01:41:05] WE STILL HAVE DOLLARS LEFT OVER FROM
[01:41:07] THIS YEAR, ADDITIONAL COSTS INCURRED IN
[01:41:10] 2024. WE'LL BE SPENDING OUR 2023
[01:41:13] ALLOCATED BUDGET AND THEN ADDITIONAL IN
[01:41:15] 2024. THAT'S REALLY HELPFUL. THANK YOU.
[01:41:17] SORRY TO CALL YOU UP, BUT I APPRECIATE
[01:41:20] YOU. THAT CONCLUDES MY QUESTIONS. AND
[01:41:23] ALSO I WANT TO EXPRESS GRATITUDE TO THE
[01:41:25] ENTIRE AVIATION TEAM. THANK YOU FOR THE
[01:41:26] WORK THAT YOU GUYS DO EVERY DAY. THANK
[01:41:28] YOU. EXCELLENT. ALL RIGHT, ONE LAST
[01:41:30] QUESTION. COMMISSIONER PHONE. SO I ASKED
[01:41:32] ABOUT THE SAF IMPLEMENTATION. SO WE HAVE
[01:41:35] ONGOING GOALS. YOU GUYS CONTINUE TO MAKE
[01:41:36] GREAT WORK. TO THAT END, CAN YOU GIVE US
[01:41:38] A SENSE OF WHAT IS THE BUDGET ASK YOU'RE
[01:41:40] MAKING FOR SAF? AND IT'S A HIGH PRIORITY
[01:41:43] FOR THE ORGANIZATION AND THE COMMUNITIES
[01:41:44] AROUND US. YEAH. SO IN ADDITION TO
[01:41:48] JUST OUR GENERAL STAFF TIME THAT WE DO
[01:41:50] ON INTEGRATING WITH OUR AIRLINE
[01:41:54] PARTNERS, PRODUCERS, SUPPLIERS,
[01:41:57] AND BRINGING STAFF TO OUR REGION FOR
[01:41:59] 2024, WE HAVE INCLUDED
[01:42:03] OUR SAF PILOT PROJECT TO BRING SAF
[01:42:08] TO SEA. IT'S HELPING US UNDERSTAND JUST
[01:42:12] THE LOGISTICS THAT ARE NEEDED TO DO
[01:42:14] THAT. SO THIS IS A REALLY BIG MILESTONE
[01:42:17] FOR VARIOUS PARTS OF THE SAF INDUSTRY
[01:42:20] TO UNDERSTAND WHAT IT WILL TAKE TO BRING
[01:42:22] SAF TO SEA. THANK YOU.
[01:42:27] GREAT. WELL, THANK YOU BOTH, LANCE AND
[01:42:29] HEIDI. IF THERE ARE NO ADDITIONAL
[01:42:32] QUESTIONS FROM COMMISSIONERS AT THIS
[01:42:33] TIME, EXECUTIVE DIRECTOR METRUCK, DO YOU
[01:42:35] HAVE ANY CLOSING COMMENTS BEFORE WE
[01:42:37] RETURN TO OUR MORNING SESSION? THANKS.
[01:42:38] COMMISSIONER, THANKS FOR YOUR QUESTIONS
[01:42:39] AND YOUR FEEDBACK ON THE DIFFERENT
[01:42:41] PROGRAMS. I GO BACK TO WHAT I SAID

[01:42:43] INITIALLY, WHICH KNOW IT'S KIND OF LIKE
[01:42:46] FROM THE TALE OF TWO CITIES. THE BEST OF
[01:42:47] TIMES, WORST OF TIMES, CHALLENGING
[01:42:49] TIMES, GREAT OPPORTUNITIES FOR US, BUT
[01:42:51] CHALLENGES. AS WE WERE DISCUSSING THE
[01:42:54] SWOT ANALYSIS, ONE THING CAN BE BOTH AN
[01:42:57] OPPORTUNITY AND A THREAT. AND AS WE LOOK
[01:42:59] AT THAT IN THE TEAM, AVIATION TEAM,
[01:43:01] UNDER MANAGING DIRECTOR LITTLE'S EFFORTS
[01:43:05] IS REALLY, REALLY BALANCING ALL THOSE
[01:43:07] THINGS AS WE GO FORWARD. AND I DO WANT
[01:43:09] TO SAY ON SOME THINGS ON THE I'LL BE
[01:43:11] GLAD TO GO BACK. WE LAID OUT THE PROCESS
[01:43:13] IN 2020, BUT I'LL BE GLAD TO GO BACK.
[01:43:15] AND LAY THAT PROCESS OUT AGAIN AND HOW
[01:43:17] WE GET COMMISSIONER FEEDBACK AND HOW
[01:43:18] THAT'S FED IN, FOR ONE EXAMPLE, ON EVEN
[01:43:21] THOUGH THEY'RE LABELED MY PRIORITIES ON
[01:43:23] ED PRIORITIES, JUST TO SPEND 1 SECOND ON
[01:43:25] THAT, BECAUSE I HAVE 33 PRIORITIES. BUT
[01:43:27] THOSE AREN'T MY PRIORITIES. THOSE ARE
[01:43:28] ROLL UP ONES THAT WE'VE ESTABLISHED
[01:43:30] OBJECTIVES FOR THE INSTITUTION. I JUST
[01:43:33] WANT TO REPORT BACK TO YOU, AS I DO
[01:43:35] SEMIANNUALLY, THEN AT THE END OF THE
[01:43:37] YEAR, PROGRESS TOWARDS THOSE. AND THOSE
[01:43:39] HAVE 75 INITIATIVES ROLLED UP INTO
[01:43:41] THOSE, AND THOSE ARE ONLY ONE SLICE.
[01:43:44] AS MANAGING DIRECTOR LITTLE WAS SAYING,
[01:43:47] HE TRIES TO CUT AYE. DOWN. I'VE NARROWS
[01:43:49] THOSE DOWN TO MY 33 TOP ONES THAT I
[01:43:52] THINK YOU NEED TO KNOW ABOUT TO REPORT
[01:43:54] ABOUT THE PROGRESS ACROSS THE PORT. SO
[01:43:56] THAT'S THE CHALLENGE OF GETTING THE
[01:43:57] INFORMATION AND THEN REPORTING BACK ON
[01:43:59] THAT DASHBOARD INDICATOR THAT YOU CAN
[01:44:02] SEE HOW WE'RE PROGRESSING ON THINGS THAT
[01:44:03] ARE INDICATION OF PROGRESS ACROSS ALL OF
[01:44:06] OUR OBJECTIVES IN A GIVEN YEAR. SO I'LL
[01:44:08] BE GLAD TO PROVIDE MORE INFORMATION ON
[01:44:10] THE PROCESS AND THE THOUGHT BEHIND THAT
[01:44:12] AND LOOK FOR ANY IMPROVEMENTS AS WELL AS
[01:44:14] WE GO FORWARD. THANK YOU. GREAT. THANK
[01:44:16] YOU, EXECUTIVE DIRECTOR METRUCK. LET ME
[01:44:18] JUST CONCLUDE WITH SOME COMMENTS OF MY
[01:44:20] OWN. I WANT TO EXPRESS MY SINCERE THANKS
[01:44:22] TO YOU, HEIDI, TO LANCE AND THE ENTIRE
[01:44:24] AVIATION TEAM. AS YOU CAN IMAGINE,
[01:44:27] AS COMMISSIONERS, WE GET THE MOST
[01:44:29] FEEDBACK ABOUT THE AIRPORT. IT'S NOT
[01:44:32] EVEN CLOSE, HONESTLY. AND SO FOR US TO
[01:44:35] BE UNDERGOING THIS VERY AMBITIOUS AND AS
[01:44:38] COMMISSIONER CALKINS SAID, MAYBE ONCE IN
[01:44:39] A GENERATION TRANSFORMATION, ALL EYES
[01:44:43] ARE ON HOW WE HANDLE THIS, HOW WE'RE
[01:44:45] PRUDENT WITH REALLY
[01:44:49] TAXPAYER MONEY. ALTHOUGH WE LIKE TO SAY
[01:44:51] THAT WE DON'T USE TAXPAYER DOLLARS, AT
[01:44:53] THE END OF THE DAY, IT'S THE TAXPAYERS
[01:44:54] WHO PAY TO GO ON THESE FLIGHTS FOR
[01:44:58] FACILITIES, EVEN IF IT'S NOT DIRECTLY
[01:45:00] THROUGH A LEVY OR A TAX. AND SO I THINK
[01:45:04] BEING GOOD STEWARDS OF TAXPAYER MONEY IS

[01:45:08] OF PARAMOUNT IMPORTANCE TO US. AND SO I
[01:45:11] HOPE YOU DON'T
[01:45:15] MIND ALL THE VERY DETAILED QUESTIONS
[01:45:18] THAT WE WERE ASKING. IT'S JUST STUFF
[01:45:20] THAT WE HEAR IN THE COMMUNITY AND OUR
[01:45:21] ENGAGEMENT WITH STAKEHOLDERS THAT WE
[01:45:23] JUST WANT TO PUT OUT THERE. A LOT OF THE
[01:45:24] TIMES, IT'S ACTUALLY SO THAT THE PUBLIC
[01:45:26] CAN HEAR THE ANSWERS TO THE QUESTIONS
[01:45:27] THAT THEY HAVE. RIGHT? AND SO I REALLY
[01:45:29] APPRECIATE YOU ALL TAKING THAT IN
[01:45:31] STRIDE. I'M VERY EXCITED FOR WHAT'S
[01:45:33] AHEAD. I LOVE TALKING ABOUT OUR AIRPORT.
[01:45:36] MAYBE I TALK ABOUT A LITTLE TOO MUCH,
[01:45:38] BUT I BRAG ABOUT OUR AIRPORT ALL THE
[01:45:40] TIME, RIGHT? OUR RECENT UPGRADES,
[01:45:44] THE NEW FACILITIES. I LITERALLY HAVE THE
[01:45:47] PICTURES OF SEA CONCOURSE SAVED ON MY
[01:45:49] PHONE. SO I CAN BE LIKE, THIS IS WHAT
[01:45:50] WE'RE DOING. RIGHT? IT'S MY DIVERSION
[01:45:53] TACTIC. WHENEVER SOMEONE COMPLAINS ABOUT
[01:45:56] THE AIRPORT, I'M JUST LIKE, HEY, THIS IS
[01:45:57] WHAT WE'RE DOING, RIGHT? AND SO, IN ANY
[01:45:59] CASE, REALLY APPRECIATE THE GREAT WORK.
[01:46:01] THIS IS REALLY COMPLICATED STUFF. AND I
[01:46:03] DON'T THINK ANY OF US PRETEND TO BE
[01:46:04] EXPERTS AT THE FINANCES AROUND THE
[01:46:06] AIRPORT. I LEARNED SOMETHING EVERY TIME
[01:46:08] YOU GUYS COME UP HERE AND GIVE US A
[01:46:10] PRESENTATION. AND SO THANK YOU FOR
[01:46:12] EDUCATING US. ANY OTHER COMMENTS FROM
[01:46:15] FELLOW COMMISSIONERS? BEFORE WE ADJOURN,
[01:46:19] I'D LIKE TO ALSO EXPRESS MY APPRECIATION
[01:46:21] AND YOUR ABILITY TO SYNTHESIZE ALL THIS
[01:46:23] STUFF IN THIS AMOUNT OF TIME. AND I ALSO
[01:46:25] JUST WANT TO CLARIFY THAT MY SUGGESTION
[01:46:28] ABOUT THIS GRAPHIC DOES NOT REFLECT THE
[01:46:31] FACT THAT YOU DON'T DO THIS. I MEAN,
[01:46:33] I'M SAYING THAT IT SHOULD JUST BE SEEN
[01:46:35] IN THE GRAPHIC. OF COURSE, THIS IS AN
[01:46:37] ITERATIVE PROCESS, AND WE APPRECIATE
[01:46:39] WORKING WITH YOU ON THIS. IT JUST SAYS
[01:46:41] IN THE DOCUMENT THAT YOU'RE GETTING
[01:46:43] INPUT FROM ELT, AND I JUST THINK THAT'S
[01:46:46] NOT TRUE, AND SO THE GRAPHICS SHOULD
[01:46:48] REPRESENT THAT. THANK YOU.
[01:46:50] COMMISSIONER, HOW'S IT GOING? I'M
[01:46:52] GETTING MY BATHROOM REMODELED RIGHT NOW.
[01:46:54] I HAVE SOME QUESTIONS ABOUT KYLE, WE DO
[01:46:57] HAVE A COUPLE OF MINUTES HERE I'M JUST
[01:46:58] KIDDING. THAT I MIGHT CHARGE FOR.
[01:47:02] IF ANYONE CARES TO KNOW. MY FIRST JOB AT
[01:47:05] HIGH SCHOOL IS TO SELL WOMEN'S SHOES AT
[01:47:07] NORDSTROM. SO IF YOU EVER NEED TIPS ON
[01:47:09] WOMEN'S SHOES ALL RIGHT.
[01:47:13] WITH THAT, IF THERE ARE NO OBJECTIONS,
[01:47:15] THE MEETING IS ADJOURNED. OUR REGULAR
[01:47:17] BUSINESS MEETING WILL COMMENCE AT NOON.
[01:47:19] THANK YOU VERY MUCH. THANK YOU.

END OF TRANSCRIPT