

2024 Supplemental Department Questions

Strategic Goals

1. **Provide your 2024 strategic goals; how are they different from 2023? In what way, if at all, are your strategic changes demonstrated in your budget request?**

The Airport's long term strategic goals remain relatively consistent with previous years. We are nearing completion of our Airport Master Planning (AMP) and the newly proposed Capital Improvement Plan is integrated into the 2024 Budget. The AMP re-evaluated our future aeronautical demand which includes facilities, finances, and infrastructure for the next 20 years.

Long Term Goals:

Provide high quality aviation facilities, equipment, and trained personnel to meet FAA standards and to provide a safe environment for aviation, Airport tenants, and the traveling public. Protect and enhance the public ownership of the airfield and commercial/industrial assets of Paine Field. Respond to customer demand and enhance long-term revenues to fund the ongoing needs of the Airport.

Overall Goals:

- *Maintain aviation and industrial safety standards, including aircraft rescue, firefighting, and emergency medical response*
- *Manage airfield operations*
- *Manage capital construction of airside, landside, and Airport owned buildings*
- *Maintain and repair Airport Infrastructure: pavement, utility systems, grounds, detention ponds and tenant leased buildings*
- *Manage new real estate development*
- *Property Management of hangar, industrial, and commercial Airport Tenants*
- *Manage FAA and other grants that support Airport operations*
- *Strive for 100% FOD (Foreign Object & Debris) free Airport*
- *Partner with schools, community organizations, and airport tenants to develop programs to provide students and young adults exposure to careers in the aviation and aerospace industry*
- *Continue to implement program, policies, and activities that minimize barriers and level the playing field so that diverse communities are able to access, thrive, and advance in economic opportunities, including jobs, contracts, and leases*

National, state and local landscape:

1. **What are the federal, state and local issues facing your work? What risks or opportunities does that create for you in 2024 and beyond? What is your plan to leverage the opportunity or mitigate the risk? What support do you need?**

The aviation & airport federal, state, and local issues are always very fluid; therefore, we are constantly monitoring for any new available grant funding opportunities that might

arise. Most significantly the current draft FAA Reauthorization Bill could provide substantial new opportunities for funding and research depending on when it is passed and how it is amended. While we don't anticipate any concerns currently this may change depending on the future of the aviation and airline industry.

We need support in lobbying for two initiatives. First, to change current FAA grant restrictions to provide Propeller Airports the ability to receive FAA terminal grant funding to help with long term expansion. Paine Field is unique, other airports that own their terminal easily qualify for discretionary grant funding for terminal expansion, Propeller does not. Second, we ask for support in lobbying for TSA to maintain any explosive trace detection as a TSA provided service. TSA has recently issued new requirements for airports to provide employee security screening, Propeller and Paine Field are working to meet our initial requirements. The second phase of these requirements involves airports to screen employees with explosive trace detection, a requirement that is complicated, requires expensive new equipment and opens the airport up for significant liability. TSA should maintain any explosive screening and if needed raise the 9 11 Security Fee to cover the costs.

1. What, if any, new mandates do you have impacting your work? Are they funded or unfunded? What is the plan for accomplishing the work?

First, as mentioned above, TSA is requiring airports to perform security screening for airport employees as part of the Aviation Worker Screening National Amendment (NA), a new unfunded mandate. Paine Field and Propeller have met with TSA, drafted a plan and are initiating actions to meet all TSA's requirements. The first implementation actions fall under TSA's "12 month informed compliance" period through Fall of 2024.

Second, the FAA is requiring all airports to implement a Safety Management System (SMS) program. For Paine Field we are required to submit an Implementation Plan to the FAA by October 31, 2024. This is an unfunded mandate, but the aviation industry has discussed, researched, and piloted SMS for over a decade. Paine Field has designated a subject matter expert, sent them to a training workshop and will continue to partner with our neighbor airports including SEA to understand their processes and implement a version that is scalable and appropriate for us.

Programs

1. List programs, projects and services within your department funded through federal COVID/ARPA funds. What, if any, of those programs are you recommending ongoing funding for and what is the source of ongoing funding?

The Airport has not received any CARES Act Funds or ARPA Funds in 2023-2024. The Airport has applied for a Concessions Grant through the Coronavirus Response and Relief Supplemental Appropriation Act, (CRRSA) which is administered via the Airport Coronavirus Response Grant Program (ACRGP) and the airport is waiting to receive grant funds from FAA (\$59,339).

No Airport projects are being recommended for ongoing funding.

2. **For programs funded by COVID/ARPA funds, detail the plan to close out and/or transition those programs to an ongoing funding source in 2025 and beyond.**

No Airport projects are being recommended for ongoing funding.

3. **What new programs are you launching for 2024? What need or efficiency is that new program addressing? How is that program funded for sustainability? What metrics are in place to determine effectiveness?**

The airport has several open continuous process improvements that are on the long-term horizon straddling the years 2023-2024.

- a. **Cayenta**, addresses improvements in efficiency for recurring invoices, expense reimbursements, purchase orders, and general accounting. Metrics are still being established. This program is funded indefinitely via interfund transfers for the airports share.
- b. **GIS Database**, addresses engineering & property management infrastructure. A new GIS Analyst Senior was recently hired and dedicated to the ongoing upkeep of the airport's GIS system and is funded indefinitely through the airport's Communications DAC 410.521680114201.
- c. **Dimensions** (UKG), addresses improvement to our payroll and attendance time management through software as a service (SaS) system. Metrics are still being developed and this is funded indefinitely through Communications DAC 410.521680114201.
- d. **Telestaff** (UKG), addresses staff time management, attendance, scheduling, and CBA management in the airports emergency services (ARFF) with integration into Dimensions. This is funded indefinitely through Communications DAC 410.521680114201.
- e. **Cartegraph**, addresses improvements in asset management, maintenance operations (task assignments & work orders), property management, and accounting integration. This program is funded indefinitely via interfund transfers for the airports share.
- f. **OpenText**, addresses paperless document management and is implemented in coordination with other systems coming online such as GIS. This is funded indefinitely through Communications DAC 410.521680114201.
- g. **Revenue & Lease Management Software TBD**, addresses property management improvements and improves internal processes for collecting and managing daily operations in property management. An RFP/RFQ shall be published upon the completion of Dimensions & Telestaff implementation with UIKG. This is funded indefinitely through Communications DAC 410.521680114201.

The effectiveness of all implementation programs listed are dependent upon KPI's provided in each individual software or program. This must be monitored on a case-by-case basis. However, information management and measurement are the driving goal of all these programs listed. All of the above programs are funded by the Airport Enterprise Fund continuously.

4. If different than #3, what are your areas of significant investment? What are you not doing because of that investment?

The airport has invested heavily in information management and upgrading our internal processes for efficiency and to modernize our infrastructure. We are financially self-sufficient and are well funded through airport business activities (revenues), so no project has been slowed down as a result of these initiatives.

Internal Operations

1. What is your department doing to streamline processes or deliver services in a new way? How do your budget allocation requests play into these innovations? Are there ways which a different budget approach, e.g. several departments sharing a resource, could achieve the same or better results in a more cost-effective way?

As an Enterprise Fund, we are always trying to innovate and streamline operations to be as efficient as possible while looking for new ways to generate increased income. As mentioned in the response to programs question number 2 & 3 above, we are streamlining operations and trying to move to a paperless administration achieved through new software. These new technology implementations are in coordination with OpEx and interdepartmental staff for a cost-effective approach. The Airport has budgeted accordingly in 2024 to continuously improve our operational efficiency and the way we do business.

Please see the respective DACs in programs questions 2 & 3 that list the funding sources for each streamline process initiative.

2. What, if any, hiring challenges are you experiencing? How is that affecting your level of service or internal operations? How are you mitigating those operational challenges and/or what is your plan for recruitment?

We have had significant challenges in hiring skilled labor due to County salaries not staying competitive with the marketplace. Aviation industry is a specialized trade that requires specialized talent. We have had positions remain open for up to a year or more because the salaries are not competitive. This has had a substantial negative impact on our operations, requiring more staff overtime, contributing to employee burnout, and reducing moral. Indirectly, it requires a

substantial time commitment from numerous staff members throughout the year to continually post, interview and attempting to hire for the same positions continually.

We have been mitigating these issues through numerous means. Staff work additional overtime; we have provided temporary out of class adjustments for certain high performing staff; and we start new employees well above step one in their roles in an attempt to retain qualified personnel. We invest heavily in recruitment by posting positions widely, on numerous industry job boards as well as through specialized nonprofit organizations who focus on providing networking and education opportunities for their members.

We believe the Segal Compensation Study shall address these shortcoming's and should be implemented immediately. The airport has sufficient funding to support the increased compensation recommended.

- 3. To help inform Council on experiences around hiring and retention, please provide a list of all vacant position titles, position codes, FTE amount (1.0, 0.5, etc.), date vacated, and date first posted. Template spreadsheet attached for convenience and conformity; if already tracking information in another format, that is acceptable as well. Please list each vacancy separately.**

Please see attached file.

- 4. What effect has the increase of inflation and/or supply chain issues had on your department? What, if any, services, or projects have you had to adjust to accommodate for this? (i.e. moving to outside contracted services, delaying of project starts and/or purchasing, redistribution of workload, etc.)**

We have seen on average about a 20-30% increase in construction costs and purchasing of equipment or supplies across the board in 2022; however, in 2023 this rapid increase has slowed down to a normal rate. We have also seen significant delays on certain products due to supply chain deficiencies that are out of our control. For example, some electric vehicles are backlogged, and we've had to delay construction projects a year or two out, but overall, we are having less supply chain problems than we did in 2022. Inflation is an ongoing concern for the airport, but increased costs have been controlled by the offset of other projects that have been delayed several years from those increased costs. This results in in projects being completed at a slower pace which in turn delays other needed improvements.

The airport consistently strives to find the most economical and alternate methods to reduce costs and has effectively mitigated these increased costs. The Airport is very cognizant to always operate within the confines of its own business structure.

5. When was the last time your department implemented a fee increase? Do you have any plans to increase fees?

The airport operates as an enterprise fund which is a quasi-public utility that operates using private sector business strategies and techniques to remain competitive in a highly government-regulated environment. The airport must self-fund its capital and operating budget; therefore, we consistently increase our rates on a regular basis to remain competitive. It's also important the airport does not undercut private business activities by operating below market rate. Several rates are adjusted throughout the year based on fair market value. We increase our Aircraft Rate Schedule annually for operational user fees such as landings, fuel flowage, and aircraft parking. These are based on benchmarking other airports in the region and industry standards. Most all leases at the airport are adjusted every three to five years to fair market value by a certified MAI appraiser. The last appraisal was completed in August 2022 and is continuously rolling out rate increase to tenants per their respective lease terms. Surface Water Management, Surface Water Facilities, Common Area Maintenance, Sewer, and Electric fees are adjusted based on expenses for each individual utility annually.

The airport is consistently proactively increasing rates because we must always remain financially self-sufficient. It's a constant balancing act between airport revenues vs. expenses that must remain in equilibrium. The Airport is very cognizant to always operate within the confines of its own business structure.

6. Do you have any plans to do a rate/fee study? Are your current fees established based on a full cost recovery model?

Yes, please see internal operations question #5. We continuously are studying rates and fees to remain competitive. Secondly, all rates are based on a full cost recovery model and sometimes above in anticipation of future rate increases.

Successes

1. Take this opportunity to share one significant success in your department over this past year. What made it a success?

It's difficult to say just one success when there are so many. We have succeeded in many areas such as Alaska Airlines securing new air service to Honolulu, Hawaii, increasing capacity by operating Boeing 737's, and a \$1.25M renovation of their (county owned) C1 Hangar next to the passenger terminal. Kenmore Air announced international passenger service to Victoria, British Columbia while Boeing announced the development of the new Boeing 737's line at PAE. We've seen a +127% increase in passenger traffic to 520,812 annual passengers served in 2022 and growing. Fortive (via FTV Aviation, LLC) is nearing completion of a

41,740sf corporate hangar on Bernie Webber Drive. We are pioneering a new Sustainable Aviation Fuels (SAF) Program at PAE. Boeing's Future of Flight is reopening October 5, 2023 after being closed since COVID began 3.5 years ago. We've demolished two old derelict building's that are past their useful life: YMCA and Tect. They are both in process for redevelopment opportunities. We've completed or are nearing completing of construction on our new Airport Administration Building, Taxiway Echo Phase I, and the Inner Terminal Ramp. Most importantly, we are nearing completion of our Airport Master Plan which provides the framework needed to cost effectively guide future airport development that will satisfy future aeronautical demand, while considering potential environmental and socioeconomic issues.

The list can go on and on but the hard work and commitment from all the airport's staff is what makes this happen. The airport staff work together as an effective team that bring about innovation and change via airport improvements and business operations that better serves the aviation community and the traveling public.