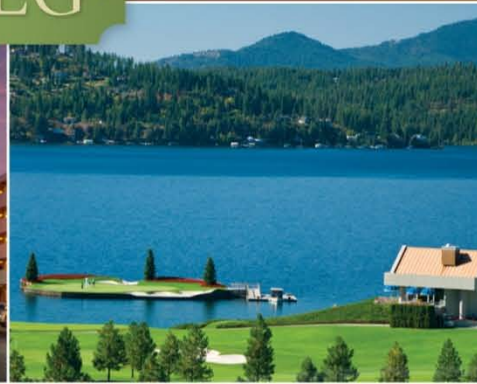
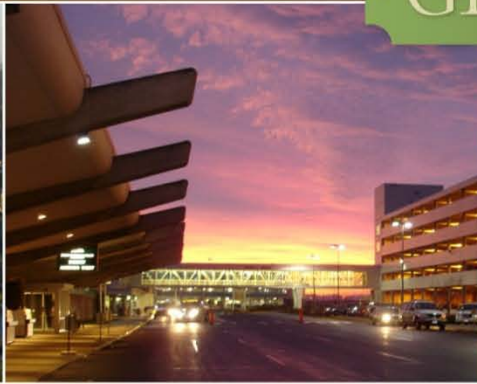


SPOKANE INTERNATIONAL AIRPORT

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Aviation Planning & Policy Update Presented to

AGC Annual Convention – Owner's Panel

Lawrence J. Krauter, A.A.E., AICP
Chief Executive Officer
Spokane International Airport, Felts Field
and Airport Business Park

Aviation Policy and Planning Update

- **FAA Reauthorization Legislation Status**
- **Airport Traffic Activity**
- **Master Plan Update Status**
- **2012/13 Capital Budget and 5-Year Outlook**
- **VALE Project**
- **Project Pegasus/AIR Spokane**
- **Airport Business Changes**
- **Felts Field Historic District**
- **Items of Interest and The Year Ahead 2012**

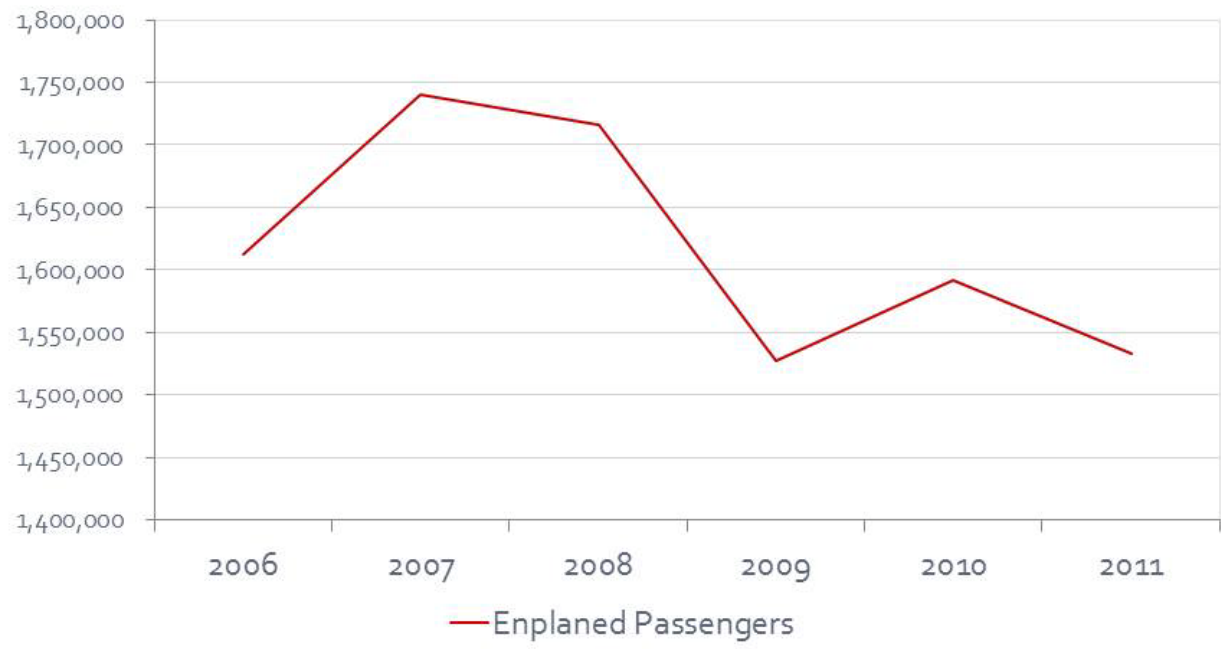
FAA Reauthorization Status 23 Extensions and 1 Lapse Later.....

- Legislation last passed in 2003 and expired in 2007
- Currently on 23rd Extension (through Jan. 31, 2012)
 - Average extension period is 51 days
 - Lapse on July 22nd
 - Trust Fund Lost \$340M/Airlines Raised Fares and Pocketed Difference
 - 4,000 FAA Employees Furloughed
- National Mediation Board language was the big hold up
- Compromise reached between House and Senate Leaders
- Conferees appointed and met to markup bill on Tuesday
- Scheduled for a Floor vote as early as tomorrow
- Provides funding of FAA and AIP through FFY 2015
- AIP is set at \$3.35B, which is less than the \$3.5B carried in extensions
 - Translates to @ \$4.7M in Entitlement Formula funds to SIA (@ \$500k reduction)
- Matching share of projects will decrease from 95% to 90%
- PFC cap remains at \$4.50 (SIA collects @\$6.7M/year currently)



2006-2011 Passenger Data

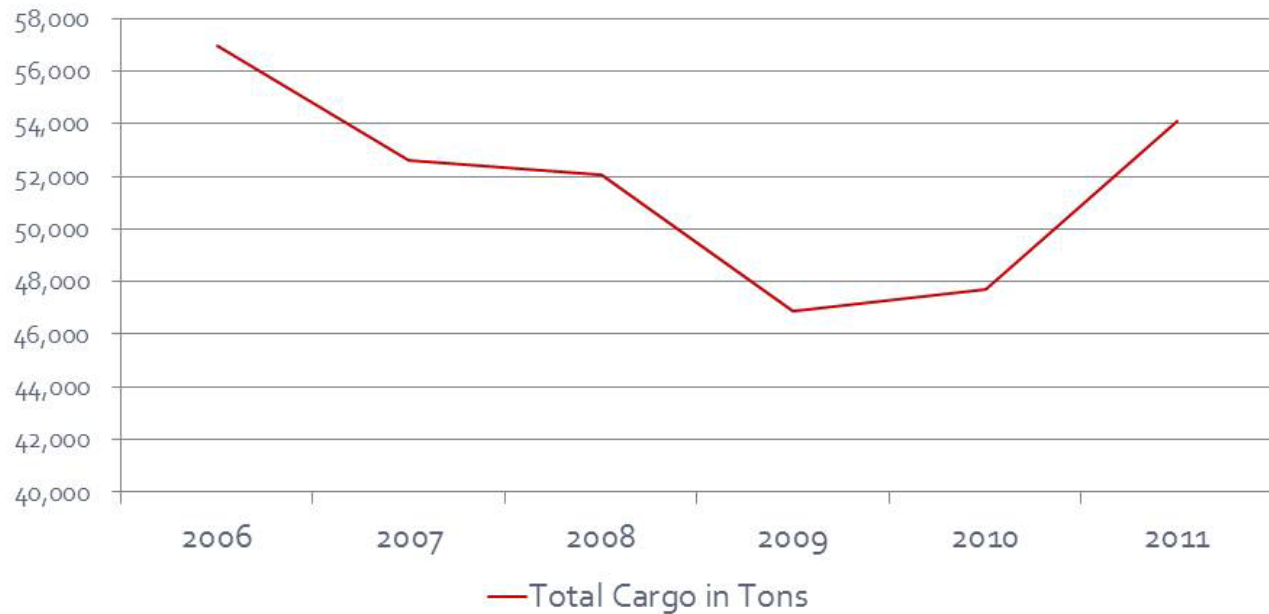
**Spokane Int'l Airport
Enplaned Passengers
2006 - 2011**





2012 – 2006 Cargo Data

Spokane Int'l Airport Total Cargo 2006 – 2011



Master Plan Update Status

- **Completed**
 - Inventory
 - Forecasting
 - Airside Facilities

- **In Progress**
 - Terminal Area
 - Landside Facilities

- **Next**
 - Land Use Plan
 - Financial Plan

- **Planning Advisory Committee has met 4 times (5 Meetings budgeted, will likely be at least 2 additional meetings)**

SPOKANE INTERNATIONAL AIRPORT

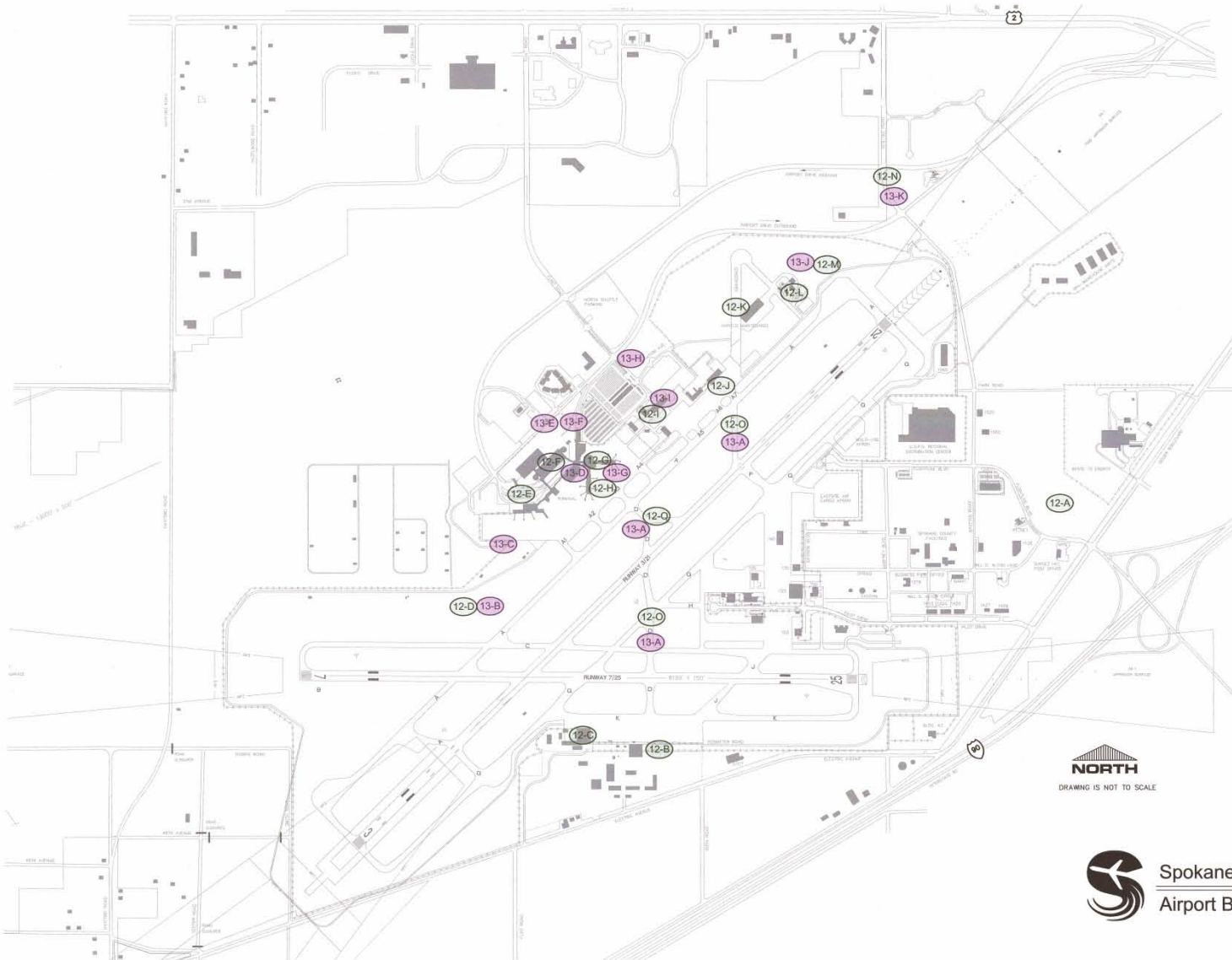
CAPITAL IMPROVEMENT PROJECTS

2012 PROJECTS

- 12-A AIRPORT BUSINESS PARK MASTER PLAN
- 12-B NEW HANGAR PROJECT- DESIGN & CONSTRUCTION
- 12-C JET TECH ROOF REPAIR
- 12-D NEW AIRCRAFT RESCUE AND FIRE FIGHTING (ARFF) FACILITY- DESIGN
- 12-E TERMINAL ENTRY DRIVE IMPROVEMENTS- DESIGN & CONSTRUCTION
- 12-F GARAGE LIGHTING- PHASE II CONSTRUCTION
- 12-G CONCOURSE A & B UNDERPASS RENOVATION- DESIGN & CONSTRUCTION
- 12-H VOLUNTARY AIRPORT LOW EMISSIONS (VALE) PROGRAM- DESIGN & CONSTRUCTION PHASE I
- 12-I AIR CARGO PARKING LOT & MISC. PAVEMENT- DESIGN & CONSTRUCTION
- 12-J AIR CARGO RAMP CONSTRUCTION
- 12-K SNOW REMOVAL EQUIPMENT (SRE) STORAGE BUILDING- CONSTRUCTION
- 12-L FUEL FARM UPGRADES- DESIGN & CONSTRUCTION
- 12-M GLYCOL RECOVERY- DESIGN
- 12-N SPOTTED RD. IMPROVEMENTS- PRELIMINARY DESIGN
- 12-O TAXIWAY RECONSTRUCTION- DESIGN

2013 PROJECTS

- 13-A TAXIWAY RECONSTRUCTION- CONSTRUCTION
- 13-B NEW ARFF FACILITY- CONSTRUCTION
- 13-C GATE 'A' ACCESS ROAD- DESIGN & CONSTRUCTION
- 13-D FLIGHT INFORMATION DISPLAY/PAGING SYSTEM UPGRADES- DESIGN AND CONSTRUCTION
- 13-E NEW PARKING OFFICE- DESIGN
- 13-F MISCELLANEOUS PAVEMENT PROJECT- DESIGN AND CONSTRUCTION
- 13-G VALE PROGRAM- CONSTRUCTION PHASE II
- 13-H CONVENIENCE STORE SITE PREPARATION- DESIGN AND CONSTRUCTION
- 13-I AIR CARGO BUILDING UPGRADES- DESIGN & CONSTRUCTION
- 13-J GLYCOL RECOVERY- CONSTRUCTION PHASE 1
- 13-K SPOTTED RD. IMPROVEMENTS- DESIGN





CAPITAL IMPROVEMENT PROJECTS

2012 PROJECTS

- (12-A) AIRFIELD RESURFACING & PAVEMENT REPAIRS- DESIGN AND CONSTRUCTION
- (12-B) RAMP RESURFACING- DESIGN AND PHASE I CONSTRUCTION
- (12-C) RE-ROOF PROJECTS- DESIGN AND CONSTRUCTION

2013 PROJECTS

- (13-A) RAMP RESURFACING- PHASE II CONSTRUCTION

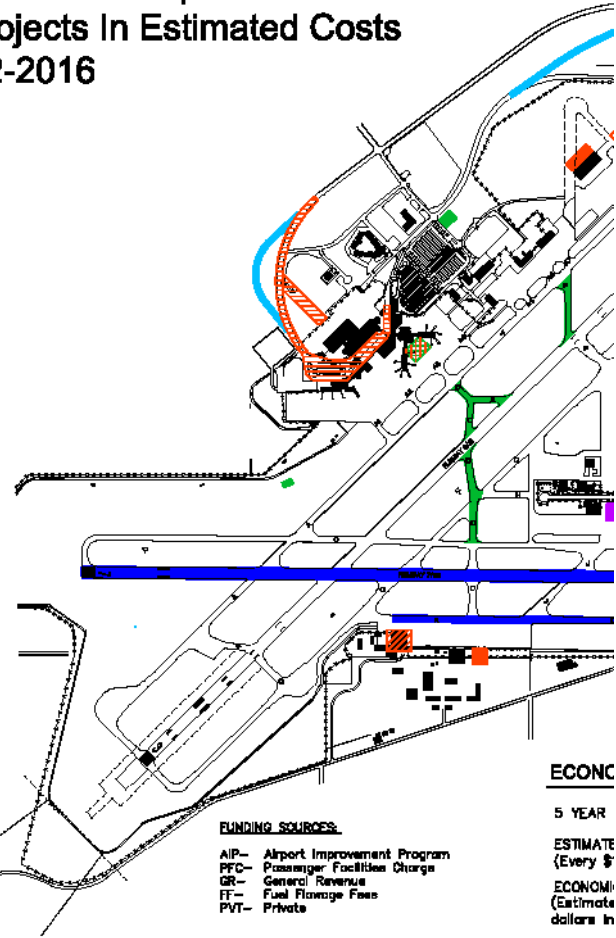




Five Year Capital Improvement Plan

Spokane International Airport Capital Improvement Projects In Estimated Costs 2012-2016

2012 PROJECTS	
FUEL FACILITY UPGRADES	\$ 1,000,000 (FF)
VOLUNTARY AIRPORT LOW EMISSIONS (VALE) PROGRAM	\$ 3,000,000 (AP)
JET TECH ROOF REPLACEMENT	\$ 700,000 (GR)
SPOTTED ROAD IMPROVEMENTS (PRELIM. DESIGN)	\$ 150,000 (TBD)
TERMINAL ENTRY DRIVE IMPROVEMENTS	\$ 2,500,000 (GR)
DEICER MANAGEMENT (DESIGN)	\$ 400,000 (AP)
SNOW REMOVAL EQUIPMENT BUILDING	\$ 7,000,000 (PFC)
AEROSPACE CENTER - NEW HANGAR	\$ 12,000,000 (PVT)
AIRCRAFT RESCUE FIRE FIGHTING (ARFF) FACILITY (DESIGN)	\$ 500,000 (GR)
TAXIWAY RECONFIGURATION (DESIGN)	\$ 400,000 (AP)
TOTAL:	\$ 27,650,000
2013 PROJECTS	
DEICER MANAGEMENT I (CONSTRUCTION)	\$ 2,000,000 (AP)
ARFF FACILITY (CONSTRUCTION)	\$ 7,000,000 (AP)
VALE PROGRAM II (CONSTRUCTION)	\$ 2,000,000 (AP)
TAXIWAY RECONFIGURATION (CONSTRUCTION)	\$ 5,140,000 (AP)
SPOTTED ROAD IMPROVEMENTS (DESIGN)	\$ 450,000 (TBD)
CONVENIENCE STORE SITE PREP.	\$ 500,000 (GR)
TOTAL:	\$ 17,090,000
2014 PROJECTS	
DEICER MANAGEMENT II (CONSTRUCTION)	\$ 2,000,000 (AP)
RW 7/25 OVERLAY (DESIGN)	\$ 730,000 (AP)
CUSTOMS RAMP REHABILITATION	\$ 1,000,000 (AP)
SPOTTED ROAD IMPROVEMENTS I (CONSTRUCTION)	\$ 2,500,000 (TBD)
TOTAL:	\$ 6,230,000
2015 PROJECTS	
RW 7/25 OVERLAY (CONSTRUCTION)	\$ 8,500,000 (AP)
AIRPORT DRIVE REALIGNMENT (DESIGN)	\$ 500,000 (AP)
SPOTTED ROAD IMPROVEMENTS II (CONSTR.)	\$ 2,500,000 (TBD)
TOTAL:	\$ 11,500,000
2016 PROJECTS	
AIRPORT DRIVE REALIGNMENT (CONSTR.)	\$ 5,000,000 (AP)
SPOTTED ROAD IMPROVEMENTS II (CONSTR.)	\$ 2,500,000 (TBD)
TOTAL:	\$ 7,500,000
5 YEAR TOTAL INVESTMENT:	\$ 69,970,000



FUNDING SOURCES:
 AP- Airport Improvement Program
 PFC- Passenger Facilities Charge
 GR- General Revenue
 FF- Fuel Flawage Fees
 PVT- Private

ECONC
 5 YEAR
 ESTIMATE
 (Every \$
 ECONOMIC
 (Estimate
 dollars in



Air Cargo

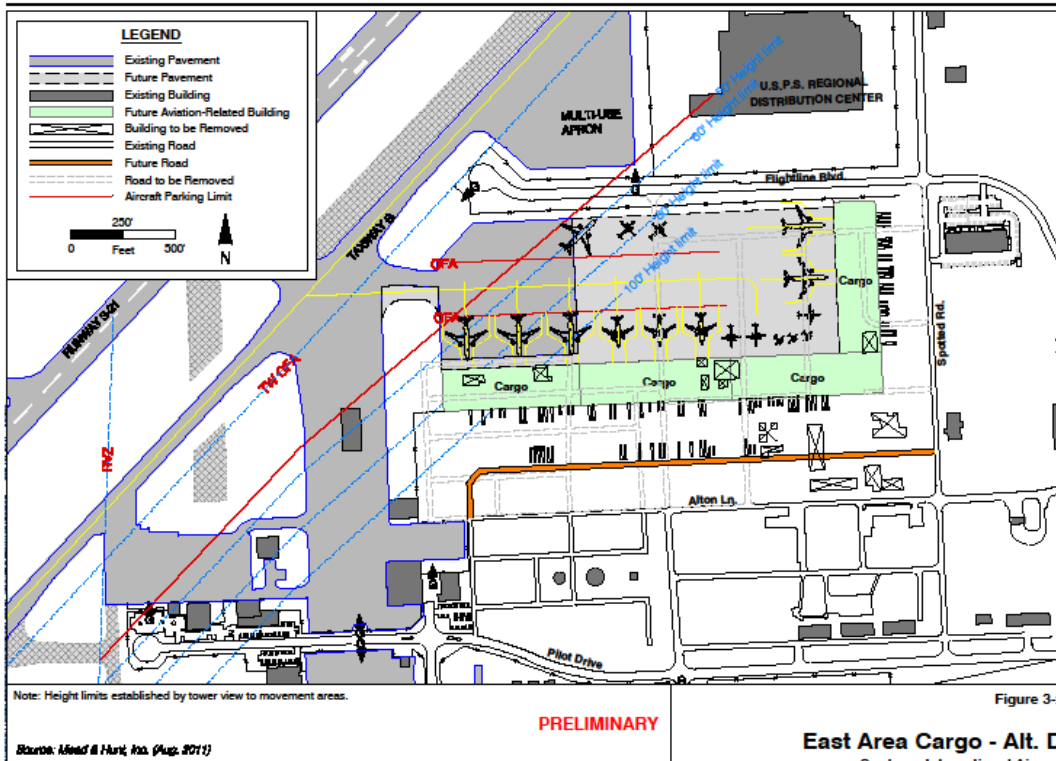


Figure 3-x

East Area Cargo - Alt. D
Spokane International Airport

Spokane International Airport is Strategically Located to the West Coast and Intermountain Regions

The metro areas of San Francisco, Portland, Seattle, Vancouver, Salt Lake City and Denver are within 16 hours driving time of Spokane.

Spokane International Airport
BUSINESS PARK AND RENTAL FLEET

Voluntary Airport Low Emissions (VALE) Program

- **Gate Electrification (12 Aircraft Loading Positions)**
Pre-Conditioned Air
Ground Power Converters
- **Cargo Apron Electrification (4 Aircraft Loading Positions)**
- **Solar Photovoltaic Arrays (Clean electric)**
- **Ground Service Equipment Charging Stations**
- **Alternative Fuel Vehicles**

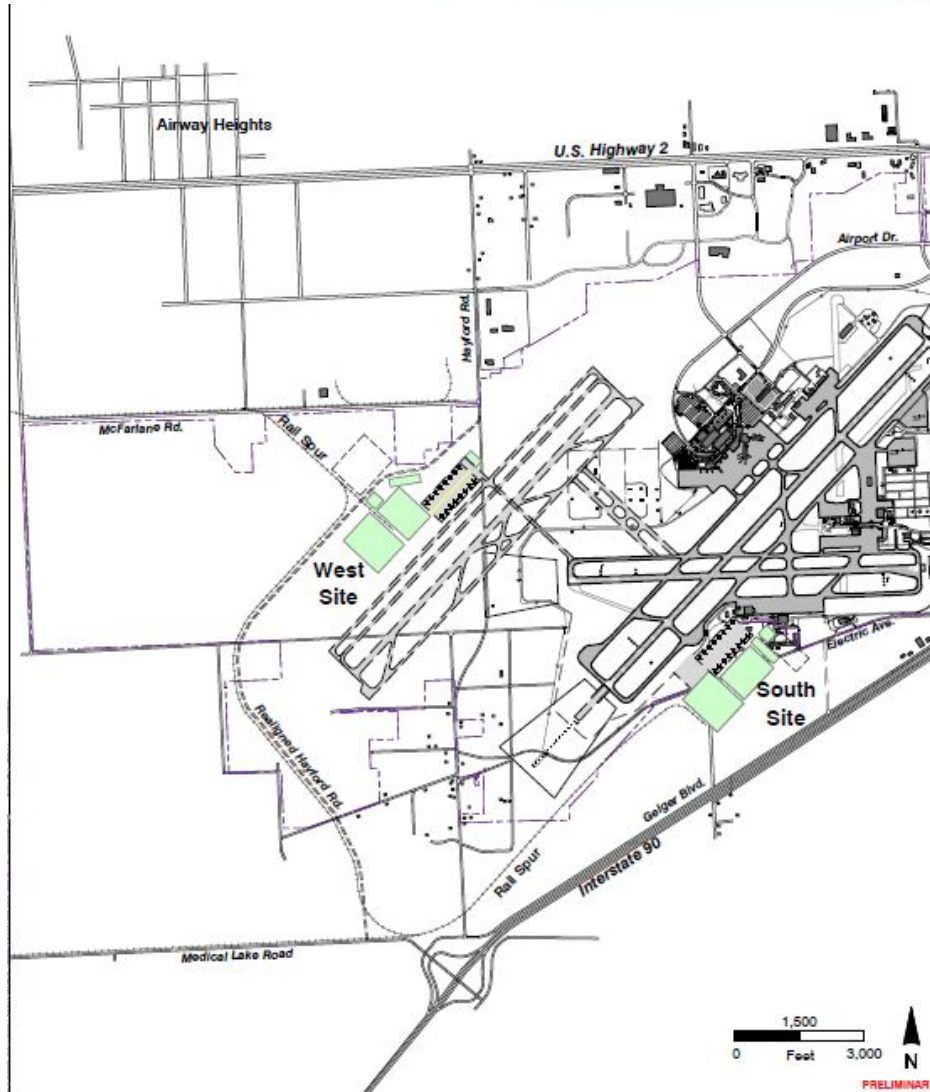


Aerospace Initiative Recruitment (AIR) Spokane





Pre-Certified Site Process





AIR Spokane

Executive Board

Al French, Chairman, Spokane County Board of Commissioners
 David Condon, Mayor, City of Spokane
 Patrick Rushing, Mayor, City of Airway Heights
 Larry Krauter, CEO, Spokane Airports
 Christine Johnson, Chancellor, Community Colleges of Spokane
 Rich Hadley, President/CEO, Greater Spokane Incorporated
 Tom Fritz, Chairman, Greater Spokane Incorporated

Steering/Coordinating Committee

Robin Toth, Co-Chair
 Todd Woodard, Co-Chair
 Marshall Farnell, Spokane County
 John Pederson, Spokane County
 Gerry Gimmell, City of Spokane
 Joe Dunlap, Spokane Community College
 Mark Mattke, Spokane Area Workforce Development Council
 Shelly Quinn, Greater Spokane Incorporated
 Keith Metcalf, Washington State Department of Transportation
 Charlene Kay, Washington State Department of Transportation
 Sabin Reynolds, Burlington-Northern & Santa Fe Railroad

Tasks ahead

- Develop a calendar of milestones and significant events
- Identify key stakeholders such as Boeing's existing regional suppliers
- Meet with Tayloe Washburn and Craig Gottlieb to discuss specific Spokane opportunities
- Initiate discussions with the BNSF
- Assess the capacity of the existing utilities
 - Water
 - Sanitary Sewer
 - Steam?
 - Communications/data lines
 - Natural Gas
 - Electric
- Compile estimate of costs to deliver and construct the necessary infrastructure
- Start the site certification process - City/County/Airport equally share cost to cover
- Begin assembling information and data points from previous site selection processes such as the Airbus RFI for sites to produce an air-tanker for the Air Force and Boeing's 787 siting process



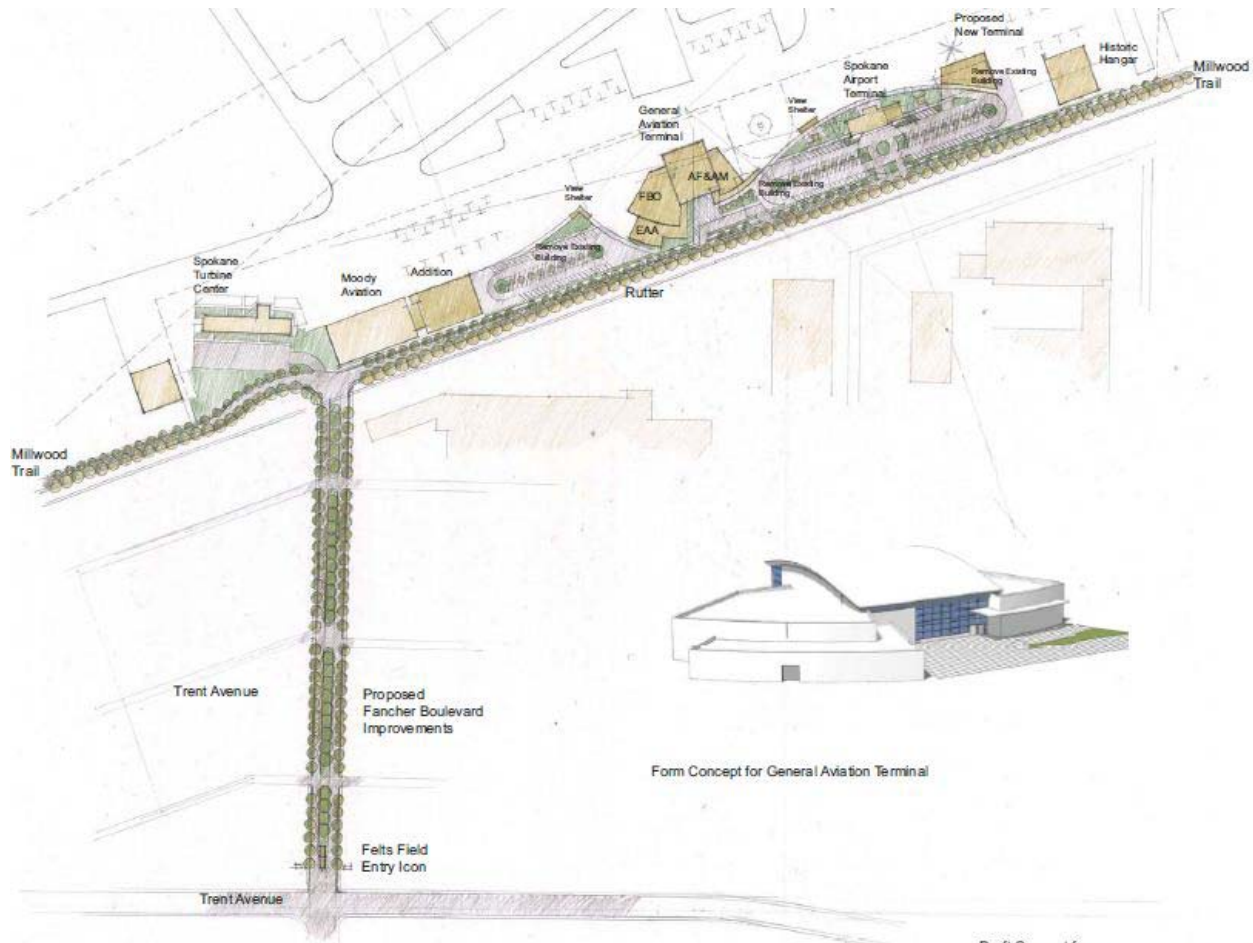


Airfield Business Changes





Felts Field Historic District



Items of Interest

- **Airport & Airway Trust Fund Stability**
 - Lapse caused revenue loss of \$340M
- **Airline Ancillary Fees**
 - In 2Q 2011 Airlines Collected \$1.5B and paid no taxes on the revenue.
- **Passenger Facility Charges**
 - PFC Application Approved by FAA on 8/25/11
 - **Projects Funded:**
 - Snow Removal Equipment
 - Snow Removal Equipment Storage/Maintenance Facility
 - Glycol Recovery Vehicles
- **Security Screening**
 - TSA Known Traveler Pilot Program (ATL, DFW, DTW, MIA)
- **Spokane Community College Aerospace Technology Center**
 - Land Transfer from Washington State to SCC Approved by Legislature/Governor
 - Grant Received for Aerospace Program Development (\$20M/\$5.8M to SCC)
- **Sustainable Aviation Fuels Northwest**
 - Selected by ACI-NA as winner of 2011 Environmental Achievement Award

The Year Ahead

- Airlines struggle for profitability
- Economic Turmoil
- Euro Zone Sovereign Debt Crisis
- No FAA Administrator
- New DOT Secretary at end of year
- Federal and statewide elections

U.S. Domestic System

- Yield and Load Factors Improve for the airlines.
- Airlines continue to “De-risk” their schedules.
- American Airlines Chapter 11 = 1Q12 Grounding of aircraft and Resizing of route network. Pinnacle next?
- Competition will decline.
- Fares will rise (i.e. 21 percent in the last year).
- Small communities will suffer cuts as the economics of 50-seat Regional Jets result in their withdrawal from service (see Pinnacle).
- SIA flat or down slightly on same amount of seat capacity.
- Smaller communities’ traffic down in double digits.
- Consumer protection improves starting January 26th.

2012 Priority Initiatives

- **New Parking Products**
- **Short Term and Long Term Financing for CIP**
- **Trusted Traveler Rollout**
- **SCASD Grant for Nonstop Los Angeles service**
- **Anchorage Nonstop Service**
- **Boeing/Tier 1 and 2 Suppliers Recruitment**
- **Hangar Development at Felts Field**
- **Felts Field Historic District and Neighborhood Revitalization**
- **Airport Business Park Master Plan**
- **SCC Inland Northwest Aerospace Technology Center**
- **New Customer Service Program and Service Quality Initiative**
- **Gas Station/Convenience Store**
- **Snow Removal Equipment Storage Building**
- **New Fire Station (Design)**

SPOKANE INTERNATIONAL AIRPORT

GEG



Thank you!