

ITEM NO: 7a_Supp

DATE OF MEETING: July 9, 2013

Sea-Tac Airport International Arrivals Facility

Commission Briefing



Briefing outline

- Review airport activity and existing conditions for arriving international passengers
- Update on International Arrivals Facility (IAF) planning progress
- Ongoing work to make the most of the existing facility with modest improvements and mitigation
- Review two IAF facility expansion alternatives
- Review efforts with airlines
- Recommendation and next steps

Commission Century Agenda

- 25 year vision to advance region as a leading tourism and business gateway
 - Make Sea-Tac Airport the West Coast “Gateway of Choice” for international travel
 - Double international flights and destinations
 - Meet region’s air transportation needs at Sea-Tac Airport for the next 25 years, and encourage cost-effective expansion of domestic and international passenger and cargo service
 - Double the economic value of cruise traffic to Washington State

Review of International Traffic Growth

- International Passengers forecast to grow at 3.5% annually
- SEA - 18 nonstop intercontinental service
- 54% Growth in international passengers since 2004
- 116% Growth in mid-day peak

Why a new IAF is needed

- Existing facility is outdated and in a remote location
- Poor customer experience
- Facility has reached capacity
- Passengers increasingly held on board aircraft or in corridor
- Growth projected to reach 600 passengers over capacity in 5 -10 years



SEA lagging competition

- Vancouver International Airport (YVR)
 - Aggressive strategy to reduce connection time and simplify the process for international passengers
 - \$600M in planned improvements, marketing and branding
- Other major international airports on the West Coast
 - Los Angeles & San Francisco have new and enlarged facilities
- Potential loss of market share

Vancouver



San Francisco



Los Angeles



Serious problems without new IAF

- Passengers held on board aircraft
- Busing passengers from remote hardstands
- Backup at primary
- Lack of bag claim device capacity
- Checkpoint queue space exceeded
- Train system capacity exceeded
- Passengers missing connections to domestic flights
- Increasing aircraft towing with operations split onto two gates

Action needed on two fronts

- Operate existing facility with modest improvements and mitigation until a new facility can be completed
- Proceed with planning and design of new facility for 2018 completion
 - Complete planning by early 2014
 - Begin pre-design work
 - Seek State approval for alternative contracting method for new building (main element of program under either alternative) to accelerate project completion
 - Staffing and contracting to manage the capital program
 - Work with airlines on preferred alternative
 - Complete recommendation for preferred alternative
 - Seek authorization for next project steps

Making the most of the existing facility

- Implemented numerous short-term measures to optimize existing facility
- Upcoming short-term improvements
 - 2 new elevators
 - Removal of “grade crossing”
 - Reconfigured/improved TSA checkpoint
 - Public Address System
 - Improved wayfinding at FIS exit
- Developed plans for hardstand busing operation may begin summer 2013
- Developed plans for 12th South Satellite wide body gate
- Determined operational workarounds will not meet long-term needs

Airline partner coordination

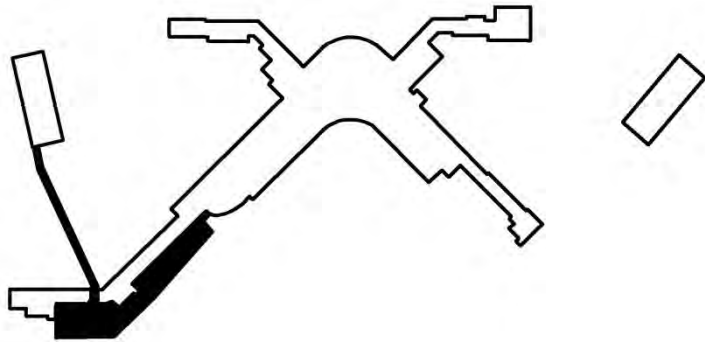
- Series of meetings with Delta Air Lines to align vision
 - Meetings and tour of new Atlanta International Terminal
 - Worked with Delta representatives to develop and prioritize alternatives
 - Shared data and coordinated analysis of alternatives
 - Ensured alternatives are consistent with Delta's Pacific Gateway plans
- Meeting with AAAC and International Airline Station Managers
- Continued coordination and analysis to understand facility requirements and preferred alternative

Long-term facility planning objectives

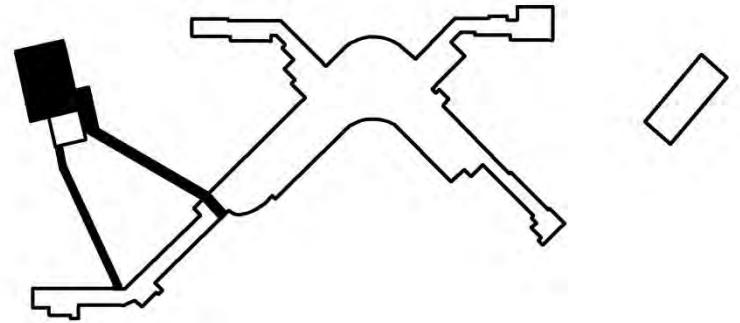
- Achieves Commission Century Agenda Goals
- Deliver just in time capital improvements
- Minimize capital and operational costs
- Minimize long-term cost of ownership
- Encourage new international service
 - Plan for facility that can accommodate growth at peak
 - Minimize connect times for transfer passengers
 - Provide world class facilities/experience

IAF expansion options

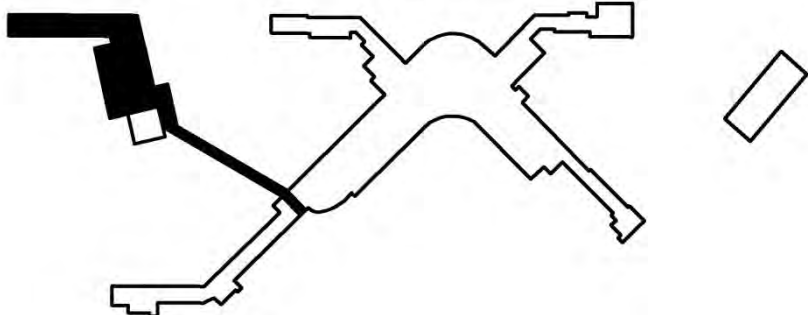
Option 1: New Concourse A IAF



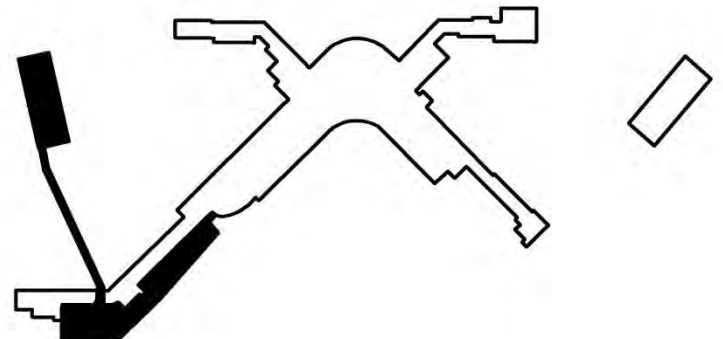
Option 2: Expand South Satellite IAF



**Option 3: Expand South Satellite IAF
*with additional gates***



Option 4: Dual Processing IAF



Option 1: New Concourse A IAF

- International arrivals on South Satellite and Concourse A
- Bridge or tunnel connection from South Satellite to Concourse A IAF
- Cost: \$250M - \$300M



FIS Planning Options
Option 1 - New Concourse A IAF

Option 4: Dual Processing IAF

- International arrivals on South Satellite and Concourse A
- Existing South Satellite IAF renovation (transfer passengers)
- New Concourse A IAF (local passengers)
- Bridge or tunnel connection for two way flow between South Satellite and Concourse A
- Cost: \$335M - \$405M



FIS Planning Options
Option 4 - Dual Processing IAF Facility

IAF Options 1 & 4 pros & cons

CRITERIA	Option 1 <i>New Concourse A IAF</i>	Option 4 <i>Dual Processing IAF</i>
Capital cost	+ \$250M - \$300M	o \$335M - \$405M
Constructability	+ Build entire shell in Phase 1 - lower cost + Easy to maintain FIS ops during construction	- Build shell in two phases - higher cost - Requires more square footage + Conc A - Easy to maintain FIS ops during construction - SSAT - Difficult to maintain FIS ops during construction
Customer experience terminating PAX (67% of total)	+ Local PAX exit IAF on landside + International arrivals hall works as intended	+ Local PAX exit IAF on landside - Congested PAX flow & confusing at aircraft exit
Customer experience transfer PAX (33% of total)	- Difficult PAX connections - time and level changes	o Faster PAX connections - relatively difficult way-finding - Congested PAX flow & confusing at aircraft exit
Operational cost/efficiency	+ Lower O & M cost	- Higher O & M cost - Requires more staff to operate
Anticipates longer-term development w/ least	+ Anticipates bag claim expansion & mid-term train capacity	+ Anticipates long-term train expansion
Ability to develop as gateway hub	o Slower PAX connections, could be made faster with additional investments elsewhere + Shorter baggage connections	- Longer baggage connections
Renewal of aging facility	+ Renewal occurs as part of redevelopment	- Renewal could be viewed as discretionary
Branding identity	+ Above ground landside location + Natural advantages of views & daylight Bridge offers dramatic views of region	o Above ground landside location (<i>terminating PAX only</i>) + Natural advantages of views & daylight Bridge offers dramatic views of region

Elements common to both options

- Both options include a large new facility on Concourse A
- This new facility is the critical path schedule item under either option
- Both options require assembly of major capital project team
- Both options require 5 years to design and build

Capital program startup

- This starts with resource planning and acquisition of additional resources, initially for program and project management
- We will staff this program with a combination of Port staff and external consultants
- Getting a contract in place for this support for the new IAF will take 4-6 months
- Program and project management scope is mostly a function of program size and complexity

Funding Plan

- IAF will be treated as separate cost center
- Initial authorization (July 23, 2013) will be funded with Airport Development Fund (ADF)
- Total project funding plan will include traditional airport funding sources such as: cash (ADF), revenue bonds, Passenger Facility Charges and FAA grants.
- Funding objective will be to have FIS rate per passenger in line with peer airports in western United States

Schedule necessary to complete new IAF by 2018

- July 2013 – Initial Commission authorization
- 2013 – Project planning & definition
- 2014 Q1 – Further Commission authorization
- 2014 – 2015 - Project design
- 2015 Q4 – Commission construction authorization
- 2015 – 2018 – Project construction

Next steps

- Complete analysis of two alternatives
- Recommendation of preferred option
- Complete planning and project definition
- Commission initial project authorization request July 23rd
- Build program/project management capability
- Environmental review
- Alternative project delivery method approval for IAF building
- Develop schedule and analyze project delivery methods for Concourse A - SSAT connection project element
- Seek further Commission project authorization early 2014
 - Complete initial design for IAF building
 - Begin procurement of alternative project delivery team for IAF building
 - Next authorization step for Concourse A – SSAT connection