

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 5d
Date of Meeting December 10, 2013

DATE: December 2, 2013
TO: Tay Yoshitani, Chief Executive Officer
FROM: Michael Ehl, Director, Airport Operations
Wayne Grotheer, Director, Aviation Project Management Group
SUBJECT: Federal Inspection Services (FIS) Short Term Improvements project at Seattle-Tacoma International Airport (CIP #C800426)

Amount of This Request: \$382,000 **Source of Funds:** Airport Development Fund
Est. Total Project Cost: \$1,141,000
Est. State and Local Taxes: \$59,600

ACTION REQUESTED

Request authorization for the Chief Executive Officer to (1) advertise and award a major construction contract and (2) utilize Port crews in the Federal Inspection Services (FIS) Short-Term Improvements project in an amount not to exceed \$382,000 out of a total estimated project cost of \$1,141,000.

SYNOPSIS

The Airport's existing international arrivals facility continues to be extremely congested at peak travel times, resulting in lengthy passenger processing delays. Outdated signage and a lack of effective way-finding cues further hamper efficient throughput.

The Commission recently authorized installation of Automated Passport Control (APC) kiosks to help increase throughput in the passport control areas. This project seeks to complement those improvements in the international corridor and bag claim levels of the facility while the Port and its airline partners design and construct a new International Arrivals Facility. The goals of these improvements are to create a more comfortable experience for arriving passengers in the international corridor and to make it easier for them to get through the inspection process and ultimately out to connecting flights or local Seattle destinations. These short-term improvements focus on minor changes with immediate benefit.

Taking into consideration the addition of new Hong Kong, London Heathrow, and Seoul, South Korea, services recently initiated or announced through June 2014, it is critical to have these short-term improvements in place prior to the 2014 summer travel season. As such, the project team has determined that the international corridor improvements can be completed immediately using Port Construction Services crews and small works contractors. The larger element of work

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in the bag claim level of the FIS will follow as a major contract and is currently scheduled to complete in June 2014. The scope of this work is described in more detail below.

This project was included in the 2014-2018 capital budget and plan of finance.

BACKGROUND

The Airport's existing and aging international arrivals facility or FIS is currently located largely below ground in the South Satellite. It was originally designed for a much lower level of passenger processing activity that existed in the early 1970s when the facility was built. It has not been significantly updated since. Today, international air service into the Airport continues to grow in both passenger volume and in the number of routes served. Up to half of the Airport's international flights arrive during the highly congested peak period between 11:00 a.m. and 1:00 p.m., with a total of ten wide-body flights during this period.

International flight activity is forecasted to further increase during this peak period and the FIS will be unable to accommodate the increased loads. In 2011, 56 flights had to hold passengers, either on board the arriving aircraft or in the international corridor area, immediately after disembarking. In 2012, 101 flights were held, and to date in 2013, over 275 flights have been held. This caused delays ranging from 5 to 60 minutes before passengers were allowed to enter the FIS passport control area. Most holds occur in the international corridor and some hold-on-boards ultimately cause delays to departing international flights. In all cases, holding passengers causes a significant inconvenience for travelers anxious to disembark after a flight that may have been 10, 12 or even 14 hours in duration. Holding can also cause passengers to miss their connecting domestic flights departing from Sea-Tac. Airport Operations expects that hold-on-board times will continue to increase due to new daily Delta Air Lines service and increased service by other carriers.

The new International Arrivals Facility is currently targeted for completion in mid-2018, but modest improvements to the existing FIS facility are necessary now to improve throughput, passenger experience and create a more comfortable environment to hold passengers in the international corridor during peak periods or irregular operations.

PROJECT JUSTIFICATION AND DETAILS

A new, modern FIS facility is still several years away, so the Port must improve the existing facility now to extend its useful life until the new facility is built. The scope of these short-term improvements includes only those items that will have a significant positive impact on throughput in the international corridor and bag claim levels of the FIS. Some work originally planned for the passport control area has been eliminated because the project team determined those improvements would be made unnecessary through completion of the APC kiosk project planned for the same area.

Currently the international corridor has portable stanchions to queue and separate passengers prior to the passport control entrance. This project replaces them with fixed stanchions that provide more space, eliminate the need for daily relocation and adjustments to the lines and purchase of replacement stanchions. These new fixed stanchions will be complemented with

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seating or leaning rails in the international corridor for passengers to rest as they wait to be cleared to enter the passport control area

Additionally, a new public address system is needed in the international corridor and passport control area for more effective communication to waiting passengers from multiple simultaneous flights. This will help maintain an orderly flow and improve passenger experience during stressful situations.

Installation of new lighting and partial-height guide walls with exiting graphics in the recheck area will reduce confusion and increase throughput for passengers as they make the decision to exit the Airport or to connect to their next flight.

Project Objectives

The project includes minor facility improvements at the FIS international corridor, passport control and baggage claim levels of the South Satellite to increase throughput and improve conditions for waiting passengers.

Major Contract Scope of Work

- Improvements to way-finding and passenger traffic control in the bag claim level of the FIS at the secondary inspections exit to the TSA checkpoint and the Satellite Transit System. Improvements include new and revised exit path guide walls with exiting graphics, a new ceiling soffit and lighting additions along the exit path.

Small Works Scope of Work

- Installation of fixed-to-floor stanchions throughout the international corridor;
- Installation of a new public address system in the international corridor and an upgrade of the existing public address system in the passport control area;
- Addition of minimal seating or a leaning rail in the international corridor for waiting passengers.

Schedule

Begin Design	3 rd Qtr 2012
Begin Construction	1 st Qtr 2014
Small Works Construction Completion	1 st Qtr 2014
Major Contract Construction Completion	2 nd Qtr 2014
Project Close Out Completion	4 th Qtr 2014

FINANCIAL IMPLICATIONS

Budget/Authorization Summary

	Capital	Expense	Total Project
Original Budget	\$31,700,000	\$0	\$31,700,000
Previous Budget Decrease	(\$30,659,000)	\$0	(\$30,659,000)
Current Budget Increase	\$100,000		\$100,000
Revised Budget	\$1,141,000	\$0	\$1,141,000

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Previous Authorizations	\$759,000	\$0	\$759,000
Current request for authorization	\$382,000	\$0	\$292,000
Total Authorizations, including this request	\$1,141,000	\$0	\$1,141,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$1,141,000	\$0	\$1,141,000

Project Cost Breakdown

	This Request	Previous Authorization	Total Project
Construction	\$631,500	\$0	\$631,500
Construction Management	\$850	\$74,450	\$75,300
Design	(\$309,200)	\$535,000	\$225,800
Project Management	(\$4,180)	\$146,680	\$142,500
Permitting	\$3,430	\$2,870	\$6,300
State & Local Taxes (estimated)	\$59,600	\$0	\$59,600
Total	\$382,000	\$759,000	\$1,141,000

As originally envisioned, this project would have expanded the capacity of the existing FIS in order to bridge the gap until a new international arrivals facility could be built at some time in the future. Because the Airport's new International Arrivals Facility will be completed more quickly than first anticipated, the need to expand the existing FIS has diminished. Therefore, the scope of this project has been reduced to include only elements deemed absolutely necessary to expand throughput of the existing facility while the new facility is built. As such, previous authorizations included approval of design fees on a scale for a larger (\$37 million) project that will not be necessary for this much smaller project.

Budget Status and Source of Funds

The Federal Inspection Services (FIS) Short Term Improvements CIP #C800426 was included in the 2014-2018 capital budget and plan of finance with a budget of \$1,041,000. A budget increase of \$100,000 is necessary due to refined cost estimates. The budget increase will be transferred from the Aeronautical Allowance CIP #C800404 resulting in no net change to the Airport capital budget. The funding source for this project is the Airport Development Fund.

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Financial Analysis and Summary

CIP Category	Interior Improvement
Project Type	Renewal & Replacement
Risk adjusted discount rate	N/A
Key risk factors	N/A
Project cost for analysis	\$1,141,000
Business Unit (BU)	Terminal
Effect on business performance	NOI after depreciation
IRR/NPV	N/A
CPE Impact	0.02 CPE in 2015, but no change to the business plan forecast as this project was included.

Lifecycle Cost and Savings

The improvements will be amortized over a relatively short period (approximately five years) reflecting a 2018 completion date for a new IAF. These improvements will not result in any significant changes to ongoing maintenance costs.

STRATEGIES AND OBJECTIVES

This request supports the Port's Century Agenda objective to advance the region as a leading tourism destination and business gateway. Specifically, providing these services for arriving international passengers is vital to making Seattle-Tacoma International Airport the West Coast "Gateway of Choice" for international travel and supports the goal to double the number of international flights and destinations.

TRIPLE BOTTOM LINE

Economic Development

Improvements to our existing FIS facilities make it easier for our international carriers to add flights and increase service to and from international destinations.

Environmental Responsibility

This project will foster environmental stability by maximizing use of the existing Port FIS asset and will utilize low energy demand electronics equipment where feasible and available.

Community Benefits

This project benefits the community by improving the passenger experience for local travelers arriving in the U.S. at Sea-Tac International Airport.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Invest \$31.7 million or more in a mid-term solution that addresses significant baggage carousel capacity, major queuing revisions and associated Customs and Border Protection office reconfigurations. The airlines have strongly indicated they are not in favor of supporting this investment at this time. This is not the recommended alternative.

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Alternative 2) – Do nothing while building the new International Arrivals Facility. Do not provide modest improvements in the existing FIS facility. Passenger throughput would continue to degrade as our international carriers add more flights. More passengers would miss connecting flights as they are held for longer periods on aircraft or in the international corridor during peak travel periods. This is not the recommended alternative.

Alternative 3) – Make relatively modest investments in short-term improvements that improve way-finding, reduce uncontrolled congestion, and improve the comfort level for international passengers arriving at congested peak travel times. **This is the recommended alternative.**

ATTACHMENTS TO THIS REQUEST

- None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- November 5, 2013 – Automated Passport Control (APC) Kiosks project authorization
- July 23, 2013 – Sea-Tac International Airport International Arrivals Facility (IAF) Preliminary Authorization for \$3,500,000.
- July 9, 2013 – Sea-Tac International Airport IAF Briefing.
- July 9, 2013 – Alternative Public Works Contracting Briefing.
- April 9, 2013 – Sea-Tac International Airport IAF Briefing.
- July 24, 2012 – Authorization of Short Term FIS Improvements design for \$284,000.
- June 26, 2012 – Airport Terminal Development Challenges at Seattle-Tacoma International Airport.
- June 14, 2011 – International Air Service Growth and Future Facility.
- January 25, 2011 – Authorization of planning, pre-design work and execution of a design contract for the FIS Mid-Term Improvements Phase 1 for \$475,000.
- February 2, 2010 – Briefing on South Satellite Passenger Growth and Facility Considerations, Delta's Proposed Airline Lounge and Other Possible Future Aviation Projects.