

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 5d
Date of Meeting November 5, 2013

DATE: October 28, 2013
TO: Tay Yoshitani, Chief Executive Officer
FROM: Michael Ehl, Director, Airport Operations
Wayne Grotheer, Director, Aviation Project Management Group
SUBJECT: Automated Passport Control Kiosks in FIS project at Seattle Tacoma International Airport (CIP #C800667)

Amount of This Request: \$2,207,000 **Source of Funds:** Airport Development Fund
Est. Total Project Cost: \$2,207,000
Est. State and Local Taxes: \$113,300

ACTION REQUESTED

Request a single Commission authorization for the Chief Executive Officer to (1) proceed with design of the Automated Passport Control Kiosks in FIS project at the Seattle-Tacoma International Airport; (2) execute a purchase order for purchase of electronic kiosks and supporting technology as owner-furnished equipment; and (3) use a combination of Port crews and small works contractors to perform work related to demolition and installation of the new electronic kiosks. The amount of this request is for the total estimated project cost of \$2,207,000.

SYNOPSIS

The current Federal Inspection Services (FIS) facility at the South Satellite lacks sufficient capacity to facilitate the processing of international arriving passengers during peak periods. Occasions when passengers have had to hold either on the aircraft or in the International Corridor for the period of June through August 2013 have increased by 498% compared to the same period in 2012. Automated Passport Control (APC) kiosk technology streamlines current Customs and Border Protection (CBP) processes to help reduce wait times and maximize capacity in the FIS.

A single authorization for design and purchase of supporting technology and equipment is requested to facilitate quick implementation of this new system in support of new international routes anticipated next year, including one starting in March 2014. This project is included in the 2014 – 2018 capital budget and plan of finance as a new project.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

October 28, 2013

Page 2 of 5

BACKGROUND

The current passport control area accommodates roughly two to three flights at a time with average or greater-than-average CBP staffing. Frequently, more than three international flights arrive in close order. While the Port has worked successfully with CBP to surge staffing levels during peak times, this initiative is highly inconsistent due to multiple challenges facing CBP. The resulting congestion increases FIS processing times and causes hold-on-board or hold-in-corridor (HOB/HIC) situations. Airline and passenger complaints regarding missed connections and overall FIS congestion is increasing.

Missed connections, whether baggage or passenger, denote a loss of revenue for the airline and an inconvenience for the passenger. HOB/HIC conditions represent very poor customer service, and reflect negatively on the Airport and the region as we continue to grow as an international gateway.

Implementation of APC kiosks facilitates better customer service, CBP efficiencies and reduces missed connections. Passengers may step up to an electronic kiosk, scan their passport, verify their information and answer the Customs declaration questions. A photo of the passenger is taken and a receipt printed. The passenger then stops at a CBP officer for verification before proceeding to baggage claim.

Initially, APC kiosks will be available for use by U.S. citizens only, but the program is expanding to include Canadian citizens and potentially select VISA holders in the future.

There are currently two kiosk systems approved by CBP to process U.S. passport holding citizens. The Port will select a vendor through a competitive process that may allow the Port to purchase additional systems in the future. Demolition and installation work will be completed using a combination of small works contractors and Port crews.

PROJECT JUSTIFICATION AND DETAILS

The purpose of this project is to decrease passport control processing times for international passengers in the FIS at the South Satellite via installation of APC kiosks.

Project Objectives

- Reduce passport control wait times during peak by 20% - 33%
- Reduce CBP officer per-passenger processing times by 66%
- Reduce passenger HOB/HIC incidents and durations when otherwise unavoidable.

Scope of Work

- Demolition of some existing passport control booths by Port crews or small works contractors
- Reconfiguration and installation of stainless steel crowd control queuing railings and “fixed” permanent stanchions by Port crews or small works contractors
- Installation of kiosk communications and electrical infrastructure by small works contractors
- Purchase and installation of the new APC kiosks and exit podiums as owner-furnished equipment

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

October 28, 2013

Page 3 of 5

Schedule

- Preliminary Design begins: October 2013
- Design of “For Construction Docs” begins: November 2013
- Design complete: January 2014
- Construction begins: January 2014
- Construction complete: March 2014

FINANCIAL IMPLICATIONS

<i>Budget/Authorization Summary</i>	Capital	Expense	Total Project
Original Budget	\$2,207,000	\$0	\$2,207,000
Previous Authorizations	\$0	\$0	\$0
Current request for authorization	\$2,207,000	\$0	\$2,207,000
Total Authorizations, including this request	\$2,207,000	\$0	\$2,207,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$2,207,000	\$0	\$2,207,000

<i>Project Cost Breakdown</i>	This Request	Total Project
Construction	\$619,900	\$619,900
Owner Purchased Equipment	\$999,100	\$999,100
Construction Management	\$226,900	\$226,900
Design	\$59,000	\$59,000
Project Management	\$174,800	\$174,800
Permitting	\$14,000	\$14,000
State & Local Taxes (estimated)	\$113,300	\$113,300
Total	\$2,207,000	\$2,207,000

Budget Status and Source of Funds

This project (CIP #C800667) is included in the 2014 – 2018 capital budget and plan of finance as a new business plan prospective project with a budget of \$2,207,000. The funding source will be the Airport Development Fund.

Financial Analysis and Summary

CIP Category	Renewal/Enhancement
Project Type	Customer Service
Risk adjusted discount rate	N/A
Key risk factors	N/A
Project cost for analysis	\$2,207,000
Business Unit (BU)	FIS Cost Center
Effect on business performance	Costs will be fully amortized in FIS rate base. NOI after depreciation will increase.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

October 28, 2013

Page 4 of 5

IRR/NPV	N/A
CPE Impact	\$.03 in 2015.

Lifecycle Cost and Savings

Annual maintenance for each new kiosk is currently estimated at \$5,000 per year, per kiosk. Current research indicates software licensing and maintenance costs are built into the purchase price of the units. Vendor selection criteria will include an evaluation of lifecycle costs. The exact number of kiosks installed as part of this project will be determined during design, but staff estimates 10-15 kiosks at an annual aggregate maintenance cost of \$50,000 to \$75,000 per year.

STRATEGIES AND OBJECTIVES

This project supports the Port's Century Agenda objective of making Sea-Tac International Airport the West Coast "Gateway of Choice" for international travel by reducing wait times, maximizing facility capacity and improving our passengers' experience in the passport control area of our FIS.

TRIPLE BOTTOM LINE

Economic Development

This project facilitates growth in international travel and supports the business goals of our international carriers by decreasing time spent in passport control and reducing HOB/HIC instances.

Environmental Responsibility

This project demonstrates environmental sustainability by maximizing the capacity of the existing FIS facility via installation of updated electronic processing equipment.

Community Benefits

This project benefits the community by improving passengers' processing times in the passport control area of the FIS facilities at the Airport. Small contractors in our community benefit from this project because they will be called on to perform infrastructure installation for the new electronic kiosks.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Continue to hold international passengers in the international corridor and on board aircraft during peak travel times. This option does not increase throughput in passport control and provides poor customer service. This is not the recommended alternative.

Alternative 2) – Request additional staff from Customs and Border Protection to process passengers using the existing passport control booths. CBP has told the Port this is not a viable option. This is not the recommended alternative.

Alternative 3) – Install APC kiosks in passport control. This option facilitates increased throughput in FIS, improves customer service and advances the Port's Century Agenda goals.

This is the recommended alternative.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

October 28, 2013

Page 5 of 5

ATTACHMENTS TO THIS REQUEST

- None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- July 23, 2013 - Sea-Tac International Airport International Arrivals Facility Preliminary Authorization
- July 9, 2013 – Sea-Tac Airport International Arrivals Facility Briefing.
- July 9, 2013 – Alternative Public Works Contracting Briefing.
- April 9, 2013 – Sea-Tac Airport International Arrivals Facility Briefing.
- June 26, 2012 – Airport Terminal Development Challenges at Seattle-Tacoma International Airport.
- June 14, 2011 – International Air Service Growth and Future Facility.
- February 2, 2010 – Briefing on South Satellite Passenger Growth and Facility Considerations, Delta’s Proposed Airline Lounge and Other Possible Future Aviation Projects.