

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.** 5c  
**Date of Meeting** February 25, 2014

**DATE:** February 18, 2014  
**TO:** Tay Yoshitani, Chief Executive Officer  
**FROM:** Michael Ehl, Director, Airport Operations  
Wayne Grotheer, Director, Aviation Project Management Group  
**SUBJECT:** Connect a 12<sup>th</sup> & 13<sup>th</sup> Gate to U.S. Customs at the South Satellite (CIP #C800662)

<b>Amount of This Request:</b>	\$4,850,000	<b>Source of Funds:</b>	Airport Development Fund
<b>Est. Total Project Cost:</b>	\$4,850,000		
<b>Est. State and Local Taxes:</b>	\$310,000		

**ACTION REQUESTED**

Request a single Commission authorization for the Chief Executive Officer to design, advertise and execute a major works contract and execute a contract to purchase equipment to take two existing gates at the South Satellite that are currently configured for domestic, narrow body aircraft only and modify them to accept international, widebody aircraft operations. The amount of this request is \$4,850,000.

**SYNOPSIS**

As international traffic grows at the Airport, the availability of gates suitable for international wide-body aircraft operations at the South Satellite is becoming critical. Current flight schedules during the noon peak at the South Satellite show that it is at capacity for widebody gates and short of capacity for international gates.

The primary objective of this project is to reconfigure two existing gates that are currently used for domestic, narrow-body aircraft operations only (Gates S4 and S6) and connect them to the Airport's current international arrivals facility by extending the International Corridor at the South Satellite. One existing domestic, narrow-body aircraft gate will be deactivated (Gate S5) which will allow Gates S3 and S6 to be configured to accept international, wide-body aircraft operations.

As Delta Air Lines and other international airlines increase international flights to Seattle this year and next, staff is requesting a single Commission authorization for the design, advertisement and execution of a major works contract in order to connect one of the South Satellite gates to the International Corridor before the 2015 summer travel peak.

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### **BACKGROUND**

This work was originally included in the scope of the new International Arrivals Facility (IAF) project; however, staff quickly recognized that the problem of inadequate international gating capacity needed to be addressed sooner than the 2018 completion date currently anticipated for the IAF project. Of the 14 gates at the South Satellite, 11 are currently capable of accommodating international, wide-body aircraft operations. These gates connect arriving international passengers to the U.S. Customs facilities via the international corridor, which is located one level below the concourse level. When a departing or arriving international flight is delayed, or if a gate becomes inoperative due to equipment problems, gate assignments need to be reallocated quickly.

International flights are predominantly operated by wide-body aircraft, and sometimes have to hold on taxiways or remote parking areas until a suitable gate becomes available. This situation was documented 12 times in 2013 with an average wait time of 27 minutes for the next available gate.

The summer 2014 scheduled flight activity will exceed the capacity of the existing facility. This will require aircraft to be serviced on remote parking areas with passengers being bused to and from the terminal. This will lead to connection times longer than the currently published 90 minutes to connect between international and domestic flights. Such alternate procedures as remote parking operations, implemented in conjunction with Customs and Border Protection (CBP), Airport Operations, and the airlines to optimize the capacity of the current facility, are not anticipated to keep pace with projected growth. Increased connection times risk potential loss of market share to other West Coast airports with more modern international arrivals facilities.

This project seeks to reduce the instances of holding aircraft off gate prior to unloading, as well as the likelihood of hardstand unloading/loading operations or displacing planes to other Concourses for their departures.

These proposed modifications will significantly improve international aircraft gating opportunities and provide urgently needed flexibility in advance of the completion of the new International Arrivals Facility in 2018.

Under the provisions of the new airline signatory lease and agreement Section 6.5.1 (c), this project is exempt from majority-in-interest (MII) approval by the signatory airlines.

### **PROJECT JUSTIFICATION AND DETAILS**

The Port strives to provide appropriate gating options for international, wide-body aircraft operations. Current traffic volumes combined with forecasted increases in international service to and from the Airport mean that the gates capable of accommodating international arrivals and departures are often booked at or beyond capacity.

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This capacity shortfall in turn increases the likelihood that arriving international passengers will have to hold onboard their aircraft for an extended period of time until a suitable gate becomes available. In extreme cases, aircraft may be required to park on remote hardstands and bus arriving international passengers to the South Satellite to clear U.S. customs or to split operations and depart from another concourse at the Airport.

Even with the addition of two more gates with access to the Airport's existing international arrivals facility, the Airport will be approaching the Commission at a later date for action to support hardstand busing operations according to forecasted increases in international flight volume in 2014 and beyond.

### ***Project Objectives***

The objectives of this project are:

- To provide increased gating options to international aircraft operations at the Airport.
- To minimize or eliminate hold time for arriving international aircraft while they await access to an appropriate gate position.
- To minimize the need for remote hardstand or split operations.

### ***Scope of Work***

- Design for this scope of work will be procured under one of the existing design services IDIQ contracts
- Extend the international corridor (IC) at the South Satellite from Gate S3 to Gate S4
- Furnish and install a new passenger loading bridge (PLB) and fixed walkway at Gate S4 that will connect to both the newly extended IC and the concourse levels
- Remove the existing PLB at Gate S6 and store it offsite for possible future use/refurbishment
- Deactivate Gate S5 and relocate the existing PLB at Gate S5 to Gate S6
- Connect the Gate S5/S6 terminal node to the newly extended IC at Gate S4 using a series of enclosed, temporary fixed walkways
- Purchase and installation of new PLB, fixed walkways and associated components along with necessary architectural, electrical, data and mechanical infrastructure upgrades to meet new standards and current building code requirements
- Due to timeliness requirements, the new PLB, fixed walkways and associated components will be purchased by the Port and provided to the contractor as owner-furnished equipment.

### ***Schedule***

<b><u>Activity</u></b>	<b><u>Start</u></b>	<b><u>Finish</u></b>
Design	February 2014	July 2014
Advertise Bid & Award	July 2014	October 2014
Construction	November 2014	May 2015
Beneficial Occupancy		June 2015

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### **FINANCIAL IMPLICATIONS**

<b><i>Budget/Authorization Summary</i></b>	<b>Capital</b>	<b>Expense</b>	<b>Total Project</b>
Original Budget	\$4,800,000	\$0	\$4,800,000
Budget increase	\$50,000	\$50,000	\$50,000
Revised budget	\$4,850,000	\$50,000	\$4,850,000
Previous Authorizations	\$0	\$0	\$0
Current request for authorization	\$4,850,000	\$50,000	\$4,850,000
Total Authorizations, including this request	\$4,850,000	\$50,000	\$4,850,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$4,850,000	\$50,000	\$4,850,000

#### ***Project Cost Breakdown*** **Total Project**

Construction	\$3,315,000
Construction Management	\$464,000
Design	\$398,000
Project Management	\$330,000
Permitting	\$33,000
State & Local Taxes (estimated)	\$310,000
Total	\$4,850,000

#### ***Budget Status and Source of Funds***

This project was included in the 2014-2018 Capital Budget and Plan of Finance with a budget of \$4,750,000. Upon completion of the project notebook, the budget estimate was refined. 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 will be the Airport Development Fund.

#### ***Financial Analysis and Summary***

<b>CIP Category</b>	Renewal/Enhancement
<b>Project Type</b>	Gates
<b>Risk adjusted discount rate</b>	N/A
<b>Key risk factors</b>	N/A
<b>Project cost for analysis</b>	\$4,850,000
<b>Cost Center</b>	Terminal Building
<b>Effect on business performance</b>	NOI after depreciation will increase
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	CPE will increase by \$.02 by 2016.

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### ***Lifecycle Cost and Savings***

Aviation Maintenance completes regular preventive, corrective and emergency maintenance on all Port-owned PLBs, as well as provides customer service support for operations. Aviation Maintenance estimates a current annual cost per PLB of approximately \$20,000 inclusive of all repair, maintenance and customer support activities, including 24/7 response. Aviation Maintenance does not anticipate adding or reducing staff or increasing or reducing budget to support these PLB assets. Facility-wide, other PLBs are being added or removed from service as components of other projects. Aviation Maintenance will be reallocating resources to adjust for the changes to the assets affected by this project.

### **STRATEGIES AND OBJECTIVES**

This project will support the Port's Century Agenda objectives of making Seattle-Tacoma International Airport the West Coast 'Gateway of Choice' for international travel and of meeting the region's air transportation needs at the Airport for the next 25 years by providing critically needed international gate capacity.

### **TRIPLE BOTTOM LINE**

#### ***Economic Development***

This project will allow the Port to provide our airline tenants and the traveling public with the increased international aircraft and wide-body gating capacity they need to support and grow their businesses. This in turn will provide additional development and economic benefits to the region through increased international travel and business opportunities.

#### ***Environmental Responsibility***

This project will install a new PLB at the South Satellite to replace aging, less energy efficient equipment. A system of surface mounted, temporary fixed walkways will also be installed to connect Gate S6 to the International Corridor, thereby eliminating the need to excavate the ramp area for the installation of traditional foundations and footings.

New PLBs employ the use of advanced electronics, materials and finishes that provide enhanced energy efficiency and improved air quality through:

- Use of EnergyStar compliant equipment/components where applicable
- Use of up to 30% pre-consumer recycled content in the PLB flooring
- Use of repurposed rubber from aircraft tires for the PLB cab wheels
- Use of environmentally friendly adhesives and coatings where possible
- Use of energy efficient LED light fixtures in place of existing fluorescent fixtures
- Provision of increased passive ventilation in PLBs and fixed walkways

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### ***Community Benefits***

In addition to the increase in economic benefits to the region through increased international travel and business opportunities, small contractors and suppliers will gain from increased opportunities, in accordance with Small Business Resolution No. 3618, to work at the Airport as a result of this scope of work. Increased international gates will also improve the Airport's reputation by being able to better accommodate the international traffic and growth we are encouraging and forecasting.

### **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1)** – Wait until the new International Arrivals Facility (IAF) is under contract for construction and include these modifications in that scope of work. Per the current schedule it will be 2018 before this could be completed, during which time operational impacts to international flight operations will continue and increase. This alternative will not address wait times for arriving international flights during peak travel periods or the increased potential of split or remote hardstand operations until the IAF is completed in 2018. This is not the recommended alternative.

**Alternative 2)** – Provide new international arrivals processing capacity elsewhere at the Airport. A suitable location for adding this type of capacity at one of the concourses or another facility at the Airport would require further analysis. This option would very likely take longer to complete, be more costly and cause greater disruptions to ongoing flight operations. This option makes no interim provisions for minimizing wait times or decreasing split or hardstand operations. This is not the recommended alternative.

**Alternative 3)** – Invest in an extension to the International Corridor to Gate S4 and provide a temporary connection from the reconfigured Gate S6 to the International Corridor. This will increase international, wide-body aircraft gating flexibility, as well as minimizing arriving international aircraft hold times, the need for split operations and the number of flights having to arrive and depart from remote parking areas. **This is the recommended alternative.**

### **ATTACHMENTS TO THIS REQUEST**

- Graphic – Proposed Scope of Work at South Satellite Gates S4, S5 & S6

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- None.