

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4b
Date of Meeting October 13, 2015

DATE: October 6, 2015
TO: Ted Fick, Chief Executive Officer
FROM: Michael Ehl, Director, Airport Operations
Wayne Grotheer, Director, Aviation Project Management Group
SUBJECT: Concourse B Ramp Level Holdroom (CIP #C800761)

Amount of This Request:	\$1,004,000	Source of	Airport Development
Est. Total Project Cost:	\$4,186,000	Funds:	Fund and Future Bonds

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to: (1) design and prepare construction bid documents for the Concourse B Ramp Level Holdroom project, and (2) use Port crews to construct and relocate airline ramp office and service spaces as the first element of this project at Seattle-Tacoma International Airport, for an amount not to exceed \$1,004,000. The total estimated cost of this project is \$4,186,000.

SYNOPSIS

This project will convert approximately 3,400 square feet of ramp level offices and service space into passenger holdroom space needed for off-gate/hardstand operations. The holdroom will be designed to have a capacity to hold more than 200 people and process two flights with staggered departure times. The ability to add this additional amount of people in one concentrated space for hardstand operations in the current holdroom areas is not feasible due to congestion in the existing building footprint on concourse level, as well as the need to provide a pathway for passengers between the concourse and ramp levels.

BACKGROUND

With the projected continued growth in enplanements and operations, and the upcoming construction activities that will be taking existing gates out of service during construction for at least the next decade, the Airport will be experiencing a severe shortage of contact gates, i.e., gates with a passenger loading bridge connection between the aircraft and terminal building. By next year we will be facing a situation where airplanes arrive and there will be no contact gate available at which they can park to deplane passengers into the terminal. In 2016, passengers will be deplaned at hardstands and bused to the terminal. The plane will then be towed to a gate when one becomes available to enplane passengers for departure. By 2017, projected growth in the number of operations will require both arrivals and departures at hardstands, meaning

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passengers will need to have a holdroom to wait in and where they can be processed for departure. This project will be designed to provide the additional holdroom space to accommodate the hardstand operation for two flights with staggered departure times.

This project is the first step in consolidating space for remote hardstand operations at the Airport. Port staff is considering, in light of traffic forecasts, what other spaces and locations need to be created to provide adequate holdroom capacity for additional hardstand operations in the future.

PROJECT JUSTIFICATION AND DETAILS

The Aviation Division Business Plan calls for “increased productivity of existing terminal facilities” (Strategy 1.2, Objective 6). Increased productivity is driven by the following: (1) recent and forecasting significant growth in enplanements and operations; and (2) construction activities that will take several existing gates out of service during the International Arrivals Facility and North Satellite renovation and expansion projects. The Airport will face a severe shortage of contact gates for at least the next decade.

Seattle-Tacoma International Airport has the highest gate utilization rate of any large hub airport in the country. The current Signatory Lease and Operating Agreement (SLOA) outlines specific protocols for gate utilization. These protocols include secondary user rights on leased gates, defined periods of use on all gates, and a specific hierarchy for assignment of carriers to common-use gates. At this time there is very little or no opportunity to further leverage existing protocols to increase gate utilization. Since every gate will be in use and every holdroom will be occupied when hardstand operations are activated; the Airport needs to provide a waiting area and equipment to process passengers for these flights.

The Concourse B location offers convenient access to the ramp for busing and also convenient access to the Airport’s Satellite Transit System for passengers who need to access other areas of the Airport.

Project Objectives

- Provide a dedicated common-use holdroom and passenger processing space for use during hardstand operations.
- Provide additional capacity within the existing building footprint as directed in the Airport’s business plan strategic goal 1.2, Objective 5, to increase productivity of existing air terminal facilities.

Scope of Work

This project will convert approximately 3,400 square feet of ramp level office and service spaces into passenger holdroom space needed for off-gate/hardstand operations. The holdroom will be designed to have a capacity for more than 200 people to be able to process two flights with staggered departure times.

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This project will install common-use casework and passenger processing equipment as well as passenger amenities including new restrooms, seating, and Wi-Fi. Electrical, mechanical, fire sprinkler, and communication systems will be reconfigured to meet the needs of the space. This includes heating, ventilating, air conditioning (HVAC), and plumbing systems. Access from the concourse level of the terminal building will be constructed with a doorway from the existing escalator landing into the space. Exterior doors will also be installed with appropriate security. Outside of the building, the project will delineate a bus lane and a bus drop-off/pickup area and possibly provide a covered passenger walkway to the holdroom door.

While most of the identified ramp level terminal building space is currently vacant, this project will relocate three airline ramp level office and service spaces to another area of the ramp level the first element of this project. Authorizing and completing this first element of the project now will shorten the overall project schedule and ensure the project is complete for the summer traffic season of 2017.

Schedule

Commission design authorization:	4 th Quarter 2015
Commission construction authorization:	2 nd Quarter 2016
Issue Notice to Proceed	3 rd Quarter 2016
Construction Complete	2 nd Quarter 2017

FINANCIAL IMPLICATIONS

<i>Budget/Authorization Summary</i>	Capital	Expense	Total Project
Original Budget	\$4,176,000	\$10,000	\$4,186,000
Previous Authorizations	\$45,000	\$0	\$0
Current request for authorization	\$1,004,000	\$10,000	\$1,014,000
Total Authorizations, including this request	\$1,049,000	\$10,000	\$1,059,000
Remaining budget to be authorized	\$3,127,000	\$0	\$3,127,000
Total Estimated Project Cost	\$4,176,000	\$10,000	\$4,186,000

<i>Project Cost Breakdown</i>	This Request	Total Project
Design Phase	\$831,000	\$831,000
Construction Phase	\$228,000	\$3,133,000
Sales Tax		\$222,000
Total	\$1,059,000	\$4,186,000

Budget Status and Source of Funds

This project (CIP #C800761) was not included in the 2015-2019 capital budget and plan of finance. A budget transfer of \$4,176,000 was transferred from the Aeronautical Allowance CIP (C800404) resulting in no net change to the Airport's capital budget. The funding source for this project will include the Airport Development Fund and future revenue bonds.

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Financial Analysis and Summary

CIP Category	Renewal/Enhancement
Project Type	Infrastructure Upgrade
Risk adjusted discount rate	N/A
Key risk factors	N/A
Project cost for analysis	\$4,176,000
Business Unit (BU)	Terminal Building.
Effect on business performance	NOI after depreciation will increase. Approximately 77% of the capital costs will be incorporated into the terminal rate base and recovered through terminal rents.
IRR/NPV	N/A
CPE Impact	\$0.01 increase in 2018

Much of the space for this hold room is currently vacant. Developing this space into rentable space will increase the utilization of the terminal and increase airline rented space.

Lifecycle Cost and Savings

The major assets associated with this project result from the build-out of 3,400 square feet of holdroom space to service our customers. The existing HVAC service will be disconnected from an old inefficient system and connected to the existing central plant system, which is a newer, energy efficient system. Additional elements of this project that will add to lifecycle cost and savings will be the new restroom facilities with updated materials for easier maintainability and new energy efficient lighting and water closet fixtures, as well as the overall upgrade of the electrical and lighting system. Aviation Maintenance anticipates there will be some incremental costs associated with the mechanical and electrical utilities added for this facility. The impact can be better estimated at the completion of the design phase of the project.

The number of years that this space will be utilized as a hold room to support off-gate operations is dependent on the timing of future terminal space additions required by the master plan. The need is likely at least seven to ten years. As improved terminal space that could be reconfigured for alternative uses, it likely has a life of forty years.

STRATEGIES AND OBJECTIVES

This project supports the Port's Century Agenda objectives of making Seattle-Tacoma International Airport the West Coast 'Gateway of Choice' for international and domestic travel and of meeting the region's air transportation needs at the Airport for the next 25 years by providing critically needed passenger holdroom with passenger processing equipment and a busing area to facilitate hardstand/off-gate aircraft operations.

This project represents an investment in our current facilities and supports the long-term vitality of the airport, airlines and other airport tenants. This project also provides an opportunity to help meet the region's air transportation needs at Seattle-Tacoma International Airport for the next 25

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years and encourage the cost-effective expansion of passenger traffic. This holdroom will provide needed dedicated passenger processing space for use during hardstand operations.

The project will seek to reduce environmental impacts by installing a new HVAC system that meets current mechanical and energy codes, and energy efficient lighting. It will also replace the exterior single pane windows with double pane windows, insulate exterior walls, install dual flush water closet fixtures in the restroom and low flow automatic faucets, and use paints, adhesives, etc. that are low in Volatile Organic Compounds (VOCs). Materials, as applicable, will include recycled content.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Maintain the status quo

This option does not provide new facilities in the terminal for facilitating hardstand operations. During times of gate shortage, airlines would be encouraged to wait on the ramp until a gate is available or run hardstand operations without a dedicated facility for processing hardstand passengers.

Capital Cost: \$0.00

Pros:

- This alternative does not require a capital investment.

Cons:

- This alternative would potentially delay aircraft arrivals and departures, significantly degrading the quality of passenger experience at Sea-Tac.
- This alternative would require aircraft to idle engines while waiting for a gate increasing emissions into the air and negatively impact the environment.
- This alternative would potentially lead to airlines having to process departing hardstand passengers in severely congested holdrooms already being used for other flights.
- This alternative does not give airlines a dedicated space to provide customer service and process passengers for hardstand departures. There is no space for an additional 200 people as provided by the recommended alternative.

This is not the recommended alternative.

Alternative 2) – Add additional terminal capacity by increasing the building footprint, adding contact gates and holdroom space.

Capital Cost: \$20 million. (This rough order of magnitude estimate for this alternative is based on the 60% design estimate for the expansion portion only of North Satellite Renovation and North Satellite Transit System Lobbies Project, which is part of the NorthSTAR Program that is adding new terminal and gate capacity.)

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Pros:

- This alternative would provide the best passenger experience. It would not require a level change or busing.
- This alternative would allow the addition of circulation space, passenger amenities and concessions space in addition to holdroom space.
- This alternative would create new terminal capacity to hold 200 people.
- This alternative would provide additional contact gates and the ability to connect to PC Air significantly reduce aircraft emissions and energy savings.

Cons:

- There is no space to add concourse level terminal contact gates without impact to current taxi lanes and taxiways making this option not viable.
- This alternative, if it were viable, is significantly more expensive than adding holdroom and passenger processing space within the current building footprint.
- This alternative could not be completed in time to meet demand.

This alternative is not viable and therefore not the recommended alternative.

Alternative 3) – Convert approximately 3,400 square feet of ramp level space into passenger holdroom space needed for off-gate/hardstand operations.

Capital Cost: \$4.2 million

Pros:

- This alternative provides dedicated common-use holdroom and passenger processing space for use during hardstand operations.
- This alternative provides additional capacity within the existing building footprint as directed in the Airport's business plan Strategic Goal 1.2, Objective 5, to increase productivity of existing air terminal facilities.
- This alternative aligns with the Century Agenda goal to meet the region's air transportation needs at Seattle-Tacoma International Airport for the next 25 years and encourage the cost-effective expansion of domestic and international passenger and cargo service.

Cons:

- This alternative provides holdroom space that might be perceived as less desirable than what could be provided with a building expansion.
- Passengers will need to depart the holdroom and go up to the concourse level in order to reach amenities like dining or retail.

This is the recommended alternative.

ATTACHMENTS TO THIS REQUEST

- Map showing project location

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- May 26, 2015 – Aviation Division Business Plan Overview
- April 28, 2015 – Commission Briefing: Sustainable Airport Master Plan (SAMP)