

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

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

**Item No.** 6e  
**Date of Meeting** January 26, 2016

**DATE:** January 19, 2016  
**TO:** Ted Fick, Chief Executive Officer  
**FROM:** Wayne Grotheer, Director, Aviation Project Management Group  
Michael Ehl, Director, Aviation Operations  
**SUBJECT:** Gate C3 Passenger Holdroom Expansion Project (CIP #C800695)

<b>Amount of This Request:</b>	\$555,000	<b>Source of Funds:</b>	Airport Development Fund
<b>Est. Total Project Cost:</b>	\$3,300,000		
<b>Est. State and Local Taxes:</b>	\$189,000		

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to proceed with design of an expansion for the existing Gate C3 passenger holdroom at Seattle-Tacoma International Airport in an amount not to exceed \$555,000 of a total estimated project cost of \$3,300,000.

**SYNOPSIS**

Gate C3 on Concourse C was reactivated in July 2015 as an expeditious solution to the immediate need for additional aircraft boarding gates. However, the existing passenger holdroom at Gate C3 is significantly undersized to serve current mainline narrow-body aircraft and requires expansion to meet standard level-of-service criteria and avoid congestion on the adjacent concourse. This project will more than double the size and seating capacity of the existing Gate C3 passenger holdroom through the construction of a 1,500 square foot addition beyond the existing building footprint.

**BACKGROUND**

Airline activity is increasing at a record-setting pace while forecasts predict that demand for terminal-connected aircraft gates will exceed supply in early 2016. Having anticipated the potential shortage, buses and airstairs were purchased in 2015 to support remote gate operations, but it is preferable and prudent also to optimize the capabilities of existing terminal connected aircraft gates to ensure flexibility and utility. Once an active boarding gate, the use of C3 was discontinued following the economic downturn of 2001 in preference to other, larger boarding gates in that period of reduced aircraft operations. While it was out of use, the holdroom at C3 was further downsized by adjacent interior concourse development.

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

January 19, 2016

Page 2 of 5

In response to unprecedented growth in 2014, a passenger loading bridge was reinstalled in 2015 at Gate C3. The current holdroom is now drastically undersized to serve mainline aircraft such as new generation Boeing 737s in use by the airlines operating from this gate.

### **PROJECT JUSTIFICATION AND DETAILS**

The current holdroom at Gate C3 is 1,130 square feet, which, per the International Air Transport Association (IATA) level-of-service standards can only accommodate 120 passengers at the lowest level of service. As a result, passengers do not have enough seats or enough room to queue for boarding, which leads to high levels of congestion in the circulation area outside the holdroom. As the first gate along the north side of the concourse, the resulting congestion makes it difficult for transiting passengers using the concourse beyond this point. Once this 1,500 square foot building addition is complete, the holdroom will be approximately 2,630 square feet compared to the average hold room size at the Airport, which is approximately 2,660 square feet. The expanded holdroom will provide a comfortable waiting, queuing, and circulation area for the average number of passengers accommodated on a 737-900 aircraft at a greater IATA level of service.

#### ***Project Objectives***

This project will expand the holdroom to accommodate 160 seated passengers and provide circulation and queuing space to better allow mainline aircraft to operate from this gate and reduce the passenger overflow into the main concourse circulation area.

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

This project will expand the concourse level building to accommodate a larger Gate C3 holdroom. The building expansion includes utilities and will match adjacent holdroom finishes, including carpeting and wall and ceiling finishes. Project seating and podium casework will be provided by the airline tenant.

#### ***Schedule***

Design Start	1 <sup>st</sup> Quarter 2016
Design Completion	3 <sup>rd</sup> Quarter 2016
Request Authorization for Construction	4 <sup>th</sup> Quarter 2016
Advertise for Bid and Award Construction Contract	4 <sup>th</sup> Quarter 2016
Construction Start	1 <sup>st</sup> Quarter 2017
Substantial Completion / Asset in use	2 <sup>nd</sup> Quarter 2018

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

January 19, 2016

Page 3 of 5

### **FINANCIAL IMPLICATIONS**

<i>Budget/Authorization Summary</i>	Capital	Expense	Total Project
Original Budget	\$3,300,000	\$0	\$3,300,000
Previous Authorizations	\$95,000	\$0	\$95,000
Current request for authorization	\$555,000	\$0	\$555,000
Total Authorizations, including this request	\$650,000	\$0	\$650,000
Remaining budget to be authorized	\$2,650,000	\$0	\$2,650,000
Total Estimated Project Cost	\$3,300,000	\$0	\$3,300,000

<i>Project Cost Breakdown</i>	This Request	Total Project
Design Phase	\$555,000	\$650,000
Construction Phase	\$0	\$2,461,000
Sales Tax	\$0	\$189,000
Total	\$555,000	\$3,300,000

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

This project was included in the 2016-2020 capital budget and plan of finance as a business plan prospective project (CIP #C800695). The funding source will be the Airport Development Fund.

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

<b>CIP Category</b>	Renewal/Enhancement
<b>Project Type</b>	Renewal and Replacement
<b>Risk adjusted discount rate</b>	N/A
<b>Key risk factors</b>	N/A
<b>Project cost for analysis</b>	\$3,300,000
<b>Business Unit (BU)</b>	Terminal Building
<b>Effect on business performance</b>	NOI after depreciation will increase
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	\$.01 in 2018

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

Aviation Maintenance anticipates that this project will not significantly affect current ongoing Operations and Maintenance costs associated with the mechanical and electrical systems. This could change during the design phase and will be reviewed again at that time. The funding source will be Revenue Bonds and the Airport Development Fund.

### **STRATEGIES AND OBJECTIVES**

By providing a critically needed passenger holdroom expansion, this project promotes the Port's Century Agenda objectives to make Sea-Tac Airport the West Coast "Gateway of Choice" for international travel, meet the region's air transportation needs at Seattle-Tacoma International

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

January 19, 2016

Page 4 of 5

Airport for the next 25 years, and encourage the cost-effective expansion of domestic and international passenger and cargo services.

### **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

#### **Alternative 1 – Maintain the status quo – Do not expand holdroom (not recommended).**

Cost: \$0

Pros:

- This alternative does not require a capital investment.

Cons:

- Leaving this holdroom the existing size would significantly limit the C3 gate usage to regional or smaller aircraft.
- At the current square footage, the passengers waiting for most aircraft sizes would continue to spill over into the circulation area and impede circulation past the gate.
- Impeding traffic circulation in this area might create a condition that could compromise passenger egress requirements.
- At this square footage the holdroom provides a very low level of customer service because of a lack of seating, circulation, and queuing space.

**Alternative 2 – Expand the holdroom into nearby dining space (not recommended).** This alternative would require that adjacent Airport Dining and Retail space be closed and converted into an enlarged holdroom for Gate C3.

Cost: \$ 675,000 capital cost  
\$ 300,000 lease buy-out  
\$5,000,000 (Nominal value of rent payments over ten years)  
\$5,975,000 total ten-year nominal cost (lost revenue would continue beyond 10-year time frame listed above)

Pros:

- Will provide an additional 1,500 square feet of waiting space for passengers.
- Capital costs are less than Alternative 4 below.

Cons:

- Would shut down a local business and one of the food service providers on Concourse C.
- Would necessitate lease buy-back and eliminate lease revenue stream.

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

January 19, 2016

Page 5 of 5

### **Alternative 3 – Expand the holdroom into concourse corridor space (not recommended).**

Cost: \$ 675,000 capital cost

Pros:

- Will provide an additional 1,500 square feet of waiting space for passengers.
- Costs less than Alternative 4 below.

Cons:

- Would impede passenger traffic circulation past the gate. The terrazzo flooring on Concourse C is publicly commissioned artwork. As such we cannot alter the artwork without the permission and advisement from the artist.
- A narrower passenger traffic corridor could compromise passenger egress requirements.

### **Alternative 4 – Expand the holdroom by constructing a new building over the ramp level. (recommended)**

Cost: \$3,300,000 capital cost

Pros:

- Will expand the holdroom to accommodate 160 seated passengers.
- Will provide circulation and queuing space to better allow mainline aircraft to operate from this gate.
- Will reduce the passenger overflow into the main concourse circulation area.
- Will provide an additional 1,500 square feet of waiting space for passengers.
- Will not impact aircraft positioning, adjacent dining space, or concourse corridor space.

Cons:

- This is the most expensive alternative in terms of capital cost.

**This is the recommended alternative.**

## **ATTACHMENTS TO THIS REQUEST**

- Presentation slides

## **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- None