

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

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

**Item No.** 4c  
**Date of Meeting** February 9, 2016

**DATE:** February 2, 2016  
**TO:** Ted Fick, Chief Executive Officer  
**FROM:** Michael Ehl, Director, Airport Operations  
Wayne Grotheer, Director, Aviation Project Management Group  
**SUBJECT:** Zone 5 Window Wall Ticket Counters (CIP #C 800824)

<b>Amount of This Request:</b>	\$315,000	<b>Source of Funds:</b>	Airport Development Fund and Future Bonds
<b>Est. Total Project Cost:</b>	\$1,781,000		

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to: (1) design and prepare construction bid documents for the Zone 5 Window Wall Ticket Counters project, and (2) use a combination of Port crews and small works contracts to construct and relocate airline kiosks as the first element of this project at Seattle-Tacoma International Airport, for an amount not to exceed \$315,000. The total estimated cost of this project is \$1,781,000.

**SYNOPSIS**

The project is necessary to provide additional capacity at common-use ticket counters for new airline entrants that have either announced the start of service to Seattle or are anticipated to introduce new service in the near future. The window wall is the only area available to add common use ticketing and baggage capacity.

This project will add new airline common use ticket counters along the exterior window wall in the centrally located “Zone 5” section of the Airport ticket lobby. The project will include the relocation of existing airline customer self-service kiosks, the installation of common-use ticket counters (seven positions) with a baggage input belt that connects to the baggage system, the installation of four common-use self-service kiosks, and the removal of the curbside check-in podium and baggage input belt.

This project was not included in the 2016 – 2020 capital budget as the justification and urgency of the need for additional ticket counters did not become apparent until Spirit Airlines announced it would initiate service at Sea-Tac beginning in March 2016.

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### **BACKGROUND**

The Port has previously installed additional ticket counters on the window wall in 2013, in Zone 1 (the International Ticket Lobby) and in Zone 2, both of which are located south of this project site.

### **PROJECT JUSTIFICATION AND DETAILS**

At peak time, existing common-use ticket counters are fully occupied by existing airlines. Because of the lack of ticket counter capacity at peak time, a new airline entrant is not able to be accommodated. For example, Spirit Airlines, starting service in March 2016, has agreed to temporarily schedule flights during off-peak times and use existing common use-ticket counters. Also, to ensure we meet FAA grant requirements for economic nondiscrimination with all airlines, this project will provide additional common-use ticket counters that can be utilized by multiple airlines. In addition, after review of existing baggage systems, only the C-1 system serving Zone 5 has capacity to accept the additional bags during peak times.

This project supports the Aviation Division Strategy 1.2: Operate a world-class international airport by anticipating and meeting needs of tenants, passengers, and the region's economy; specifically, Objective 1 to plan, design, and construct interim facilities to accommodate exceptional growth and Objective 8 to increase productivity of existing terminal facilities.

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

- Provide additional capacity at common-use ticket counters to meet new airline demand.
- Accommodate new entrants with limited impacts on related infrastructure and services such as the baggage system.

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

Relocate existing airline equipment; remove and re-utilize the curbside check-in baggage belt to provide a new baggage input belt for new ticket counters; install new ticket counter positions including necessary data and electrical service; install new passenger processing equipment including new common use self-service kiosks; remove the curbside check-in counters and seal the baggage belt opening.

In order to provide the space necessary for the new window wall ticket counters, the first element of this project will be the relocation of American Airlines customer self-service kiosks to within the Zone 5 ticket lobby. Authorizing this initial construction work now using Port crews and small works contracts will shorten the overall project schedule and ensure the project is completed summer of 2017.

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### ***Schedule***

Commission Authorization Design and Early Work:	1st Qtr. 2016
Commission Authorization Construction:	4th Qtr. 2016
Issue Notice to Proceed:	1st Qtr. 2017
Construction Complete:	3rd Qtr. 2017

## **FINANCIAL IMPLICATIONS**

<b><i>Budget/Authorization Summary</i></b>	<b>Capital</b>	<b>Expense</b>	<b>Total Project</b>
Original Budget	\$1,770,000	\$11,000	\$1,781,000
Previous Authorizations	\$20,000	\$0	\$20,000
Current request for authorization	\$304,000	\$11,000	\$315,000
Total Authorizations, including this request	\$324,000	\$11,000	\$335,000
Remaining budget to be authorized	\$1,446,000	\$0	\$1,446,000
Total Estimated Project Cost	\$1,770,000	\$11,000	\$1,781,000

<b><i>Project Cost Breakdown</i></b>	<b>This Request</b>	<b>Total Project</b>
Design Phase	\$255,000	\$255,000
Construction Phase	\$60,000	\$1,436,000
Sales Tax	\$0	\$90,000
Total	\$315,000	1,781,000

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

This project (CIP #C800824) was not included in the 2016-2020 capital budget and plan of finance. A budget transfer of \$1,770,000 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.

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

<b>CIP Category</b>	Renewal/Enhancement
<b>Project Type</b>	Infrastructure Upgrade
<b>Risk adjusted discount rate</b>	N/A
<b>Key risk factors</b>	N/A
<b>Project cost for analysis</b>	\$1,781,000
<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>	\$0.01 increase in 2018

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

The major assets associated with this project will result from the installation of 32 feet of new bag belt tied into the C-1 bag system, the installation of new common-use ticket counters and associated ticket counter computer equipment. Aviation Maintenance anticipates there will be an increase in maintenance costs, both labor and materials related to mechanical systems (C-1 Baggage handling system). At this stage, it is not practical to quantify the impacts, but this will be reviewed again during the design phase of this project.

### **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 common-use ticket counters with passenger processing equipment and common-use kiosks. By investing in our current facilities, this project encourages the cost-effective expansion of passenger traffic.

### **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1) – Maintain the status quo:** Require new entrants to operate only during off-peak times using existing ticket counters and baggage systems (not recommended).

Capital cost: \$0

Pros:

- This alternative does not require a capital investment.

Cons:

- This option restricts the ability for the Airport to grow, and conflicts with the Aviation Division's strategic goal to meet the needs of our tenants, passengers, and the region's economy.
- The restricted airline could complain they were being unfairly treated per FAA Grant Assurances requiring economic nondiscrimination. (FAA Grant Assurance No. 22A; Economic Nondiscrimination.)

This is not the recommended alternative.

**Alternative 2) – Install common-use ticket counters along the window wall of Zone 4:** Construct new ticket counters in the ticket lobby across from Southwest Airlines (not recommended).

Capital cost: \$1,770,000

Pros:

- This is a large open space along the window wall and construction would not require the relocation of airline customer self-service kiosks.

Cons:

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- This option connects to the C-96 baggage system, which is currently at capacity at certain times of the day.
- This option would also conflict with Southwest Airlines queuing space, which often fills this entire area during busy summer months.

This is not the recommended alternative.

### **Alternative 3) – Install common-use ticket counters along the window wall of Zone 5:**

Capital cost: \$1,781,000

#### Pros:

- This is the only available location that connects to C-1 baggage system, which is the only system that has capacity to accept the additional bags at peak time. C-1 will also be the first system completed in the baggage optimization project and therefore should be able to handle this load for the foreseeable future.
- This location also provides enough space for seven ticket counter positions and four kiosks, which is the appropriate number for the immediate need and for potential future new entrants.

#### Cons:

- This option requires relocation of American Airlines customer self-service kiosks from the window wall into their existing ticketing lobby.
- The addition of window wall counters in Zone 5 double loads ticket counter processing without the benefit of a pushback counter or flow-through ticket counter (as is the case elsewhere where we installed window wall counters). Unfortunately, there are no perfect alternatives.

### **This is the recommended alternative.**

## **ATTACHMENTS TO THIS REQUEST**

- Map showing project location

## **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- None