

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

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

**Item No.** 4g  
**Date of Meeting** July 12, 2016

**DATE:** July 5, 2016  
**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)

<b>Amount of This Request:</b>	\$3,799,000	<b>Source of Funds:</b>	Airport Development Fund and Future Revenue Bonds
<b>Est. Total Project Cost:</b>	\$4,858,000		

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to advertise and execute a contract to construct the Concourse B Ramp Level Holdroom project, and increase authorized funds for the project by \$672,000. The amount of this request is \$3,799,000 of a total estimated project cost of \$4,858,000.

**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 number of people in one location for hardstand operations using the existing concourse level gate holdroom areas is not feasible. This is due to the relatively small size of the existing building area on the concourse level for the number of gates already being served, as well as the need to provide a ramped walkway for passengers from the concourse to the ramp level.

The original scope was to provide a delineated passenger walkway to the COBUS. Through design it was determined to provide a covered passenger walkway. This would provide additional passenger protection from the weather and improved passenger experience. This resulted in a scope and budget increase.

**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

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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 de-plane 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 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 of several to create dedicated holdroom space for remote hardstand operations at the Airport. In February 2016, the Commission approved holdroom improvements and the construction of an Americans with Disabilities Act (ADA) compliant walkway at gate D6 to accommodate passengers for two narrow-body hardstand flights. Additionally, Port staff is working on project definition for a new dedicated hardstand terminal for the additional hardstand operations anticipated over the next ten years.

### **PROJECT JUSTIFICATION AND DETAILS**

The Aviation Division Business Plan calls for “increased productivity of existing terminal facilities” (Strategy 1.2, Objective 6). The need for increased productivity is driven by the following: (1) recent and forecasted 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.

Sea-Tac Airport has the highest gate utilization rate of any large hub airport in the country. The current Signatory Lease and Operating Agreement (SLOA) outline 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 Satellite Transit System for passengers who need to access other areas of the Airport.

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### ***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 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.

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 provided with a passageway from the existing escalator landing into the space. Exterior doors will also be installed with appropriate access control security. Outside the building, the project will delineate a bus lane and a bus drop-off/pickup area and provide a covered passenger walkway to the holdroom door. Through design it was determined to provide the covered passenger walkway. This would provide additional passenger protection from the weather and improved passenger experience. This resulted in a scope and budget increase.

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 as the first element of this project. This early construction work was authorized by the Commission on October 6, 2015.

### ***Schedule***

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

## **FINANCIAL IMPLICATIONS**

### ***Budget/Authorization Summary***

	Capital	Expense	Total Project
Original Budget	\$4,176,000	\$10,000	\$4,186,000
Current budget increase	\$672,000	\$0	\$672,000
Revised Budget	\$4,848,000	\$10,000	\$4,858,000
Previous Authorizations	\$1,049,000	\$10,000	\$1,059,000

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Current request for authorization	\$3,799,000	\$0	\$3,799,000
Total Authorizations, including this request	\$4,848,000	\$10,000	\$4,858,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$4,848,000	\$10,000	\$4,858,000

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

	This Request	Total Project
Design Phase	\$0	\$986,000
Construction Phase	\$3,526,000	\$3,599,000
Sales Tax	\$273,000	\$273,000
Total	\$3,799,000	\$4,858,000

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

This project (CIP #C800761) was included in the 2016-2020 capital budget and plan of finance. A budget transfer of \$563,000 was transferred from the Aeronautical Allowance CIP (C800404) resulting in no net change to the Airport's capital budget. The cost increase of \$672,000 is due to the added scope of the covered walkway. 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>	\$4,858,000
<b>Business Unit (BU)</b>	Terminal Building
<b>Effect on business performance</b>	NOI after depreciation will increase. Approximately 77% of the capital costs will be incorporated into the terminal rate base and recovered through terminal rents., over 7 – 10 years.
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	\$0.02 increase in 2018

### ***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.

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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 Sea-Tac 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 space with passenger processing equipment and a busing area to facilitate hardstand/off-gate aircraft operations.

This project means that aircraft will not be required to idle their engines increasing emission into the air and negatively impact the environment. Instead they will be able to park, turn off their engines and unload their passengers. This project will reduce environmental impacts by installing a new HVAC system that meets current mechanical and energy codes, and energy efficient lighting. It also replaces the exterior single pane windows with double pane windows, insulates exterior walls, installs dual flush water closet fixtures and low-flow automatic faucets in the restrooms, and uses paints and adhesives that are low in Volatile Organic Compounds (VOCs).

The construction installation effort of this project presents a number of small business opportunities. The project team is working with the Port's Economic Development Division's Small Business Team to maximize its small business utilization efforts for this project.

## **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

### **Alternative 1) – Status Quo – Cancel the project.**

Capital Cost: \$0

#### 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.

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- 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) – Delay the project and hold the design to construct at a later date depending on increased demand.**

Capital Cost: \$5.2 M (assumes 1 year delay - 1 year escalation increases the project cost by \$400k)

Pros:

- Delays commitment of construction funds until the exact demand for the facility is known.

Cons:

- Highest capital cost of all alternatives.
- We will not have dedicated holdroom space for hardstand departures until at least 2018

This is not the recommended alternative

**Alternative 3** – Proceed with construction of the project as originally scope deleting the passenger covered walkway, the walkway is over 200 feet long.

Capital Cost: \$4.2M

Pros:

- The project would stay in the original budget.
- Provides flexibility in delineating the passenger walkway to the COBUS

Cons:

- The passengers would be exposed to the exterior elements – rain, wind, snow.
- This would decrease the overall passenger experience using the COBUS.
- The passengers would be not as protected from ramp operations activities and potential incidences.

This is not the recommended alternative.

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**Alternative 4** – Proceed with construction of the project as designed.

Capital Cost: \$4.8 M

### 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**

- Computer slide presentation.

## **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- October 6, 2015 – Commission Approval for design and preparation of construction documents and use of Port crews to construct and relocate ramp and service space.
- May 26, 2015 – Aviation Division Business Plan Overview.
- April 28, 2015 – Commission Briefing: Sustainable Airport Master Plan (SAMP).