

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

**COMMISSION AGENDA**

**Item No.** 6c

**Date of Meeting** June 22, 2010

**DATE:** May 26, 2010

**TO:** Tay Yoshitani, Chief Executive Officer

**FROM:** Michael Ehl, Director Airport Operations

**SUBJECT:** Procurement of Seattle Ramp Tower Operation Services

**This Request:** \$9,400,000

**Source of Funds** – Cost Recovery – Airlines

**State and Local Taxes Paid:** \$120,000

**ACTION REQUESTED:**

Request authorization for the Chief Executive Officer (CEO) to execute a contract for a maximum of six years for the operation and management of the Seattle Ramp Tower at Seattle-Tacoma International Airport (Airport). The initial term of the contract is three years with an option to extend for three additional years at the Port's sole discretion. The first three-year term has an estimated cost of \$4,700,000. If the option to extend is exercised the total estimated value of the contract to be authorized is \$9,400,000.

**SYNOPSIS:**

The Airport has contracted the operation of the Seattle Ramp Tower Facility since 2005 to provide for control of aircraft when they are not under Federal Aviation Administration (FAA) control on the runways and taxiways. The National Transportation Safety Board (NTSB) recommended that airports implement ramp control as a means to reduce the potential for future runway incursions. Ramp control facilities at large airports are essential to daily operations and have demonstrated that they increase safety, minimize aircraft taxi times, save fuel, reduce emissions and reduce airline costs. The airlines serving Sea-Tac fully support the operation of a ramp control facility.

The Seattle Ramp Tower has been operated by the Port of Seattle under contract with Robinson Aviation Inc. for the past five years. This contract will end on December 31, 2010. In order to ensure continuous operation of this tower and its operational and safety benefits, the Airport must initiate a new competitive procurement process to retain a ramp tower services operator.

**BACKGROUND:**

The FAA provides positive control of aircraft activity on the runways and taxiways at the Airport. This positive control does not extend to the remaining paved areas for aircraft movement, known as ramps

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and aprons. The responsibility for safe aircraft movements in these non-controlled areas rests with aircraft pilots. Although the FAA Air Traffic Controllers can provide an advisory service to aircraft moving on the ramp, this is not part of their core mission and is deemed optional.

The NTSB, in its report on a 2001 runway incursion incident, recommended that the Airport implement ramp control as a means to reduce the potential for future runway incursions. The operation of a ramp control facility is also fully supported by the air carriers that operate at the Airport.

Utilization of a ramp control facility provides coordinated advisory control of aircraft movements to and from the airport runways and taxiways, provides impartial sequencing of aircraft, and prevents “gridlock.” Ramp control facilities at large airports are essential to daily operations, and have demonstrated to the satisfaction of airline and airport operators that implementation of ramp control has incrementally reduced aircraft taxi times, and thus saved the airlines money.

On December 15, 2005, the Airport entered into a Professional Services Agreement (PSA) with Robinson Aviation for the three-year operation of the Seattle Ramp Tower Facility. The PSA was extended for two one-year extensions as allowed in the original contract. Robinson Aviation has provided outstanding service in their operation of the facility; however, this contract ends on December 31, 2010.

### **SCOPE OF CONTRACT:**

This contract will provide for the continued safe control of aircraft movement on the Airport’s ramp and apron areas, enhance gate usage and reduce aircraft emissions and noise by expediting aircraft to and from gates. This authorization request covers the cost of contract personnel, operational expenses, and equipment maintenance for the operation of the Ramp Control Tower for 2011 through 2013 (initial term) and until 2016 if the contract extension is exercised. The contract extension would be exercised at the Port’s sole discretion. Although Port PSAs normally have a duration of three to five years, Port staff are requesting authorization of a contract with a maximum duration of six years, if the option is exercised, in response to the airlines’ preferences for a nine-year contract (initial five-year term with two two-year extensions) in order to provide ample time to recover start-up costs and ensure ongoing service delivery stability and continuity. The resulting three-year base term and single three-year extension term of the contract reflects a compromise with the airlines.

### **STRATEGIC OBJECTIVES:**

**Airport Vitality:** This authorization provides for the control of aircraft movement to ensure efficiency and enhanced safety of ground operations. Staffing of the Seattle Ramp Tower facility will “Ensure Needed Safety, Security and Capacity on the Airfield.”

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### **FINANCIAL IMPLICATIONS:**

#### **New 6-year Contract Cost Breakdown (3-years with a 3-year option estimated)**

2011-13

Personnel/Labor Costs	\$9,000,000
Washington State B&O Tax	\$ 120,000
Other – Equipment maintenance/procurement	\$ 280,000
Total	\$9,400,000

#### **Budget Implications**

The 2011 costs associated with this contract will be included in the annual operating budget. Corresponding revenue will also be included in the operating budget. Revenues are based on a per-landing fee charged for all operations, which recovers 100% of costs.

#### **Cost Recovery**

This contract for ramp services is paid for on a cost recovery per-use basis by the carriers, based upon the number of operations of each carrier. While this service raises the Airport cost slightly (\$.07) on a cost-per-enplanement basis, it lowers the operating cost to the airlines to a greater degree by saving engine run time, fuel use, and safely maneuver aircraft into and out of the terminal gates to improve efficiency and on-time performance. The carriers are very supportive of the service provided by the ramp tower.

In 2008, the Port of Seattle, Aviation Managing Director, Mark Reis, summarized the airlines' relationships between savings and costs when he testified before the Aviation Subcommittee of the Transportation and Infrastructure of the U.S. House of Representatives regarding Airport/Airline Collaboration on Aircraft Emission Reduction, in which he stated:

*“We estimate that aircraft ramp movements are five percent more efficient and that this efficiency has potentially saved the airlines 800,000 gallons of fuel per year and reduced GHG emissions by 8,500 tons per year.”*

The historical breakdown of Ramp Tower related costs are shown below to further reflect how these costs can be attributed on a per-operation and per-turn basis.

	Number of Operations	Cost Per Operation	Cost Per Turn
2006	340,058	\$3.11	\$6.22
2007	347,046	\$3.05	\$6.10
2008	345,047	\$3.07	\$6.14

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2009	317,873	\$2.70	\$5.40
2010	95,770 (through April)		

2006-2009 reflects annualized total costs over period of \$3,173,120.01

2010 costs reflect contract amount

Operation = landing and takeoff = 2 operations

Turn = movement from/to runway to/from gate = 1 turn

} 2 Operations equal 1 Turn

**PROJECT SCHEDULE:**

We estimate that the contract will be executed January 1, 2011 and expire December 31, 2013 (with possible extension to December 31, 2016).

**ALTERNATIVES CONSIDERED/RECOMMENDED ACTION:**

**Alternative one: Initiate competitive procurement** for staffing and operation of the Ramp Control Tower for a three-year initial term with the option to extend this contract once for an additional three years. This alternative will provide the personnel to staff and operate the Ramp Control Tower Facility, providing the coordinated flow of aircraft to and from the runways, increasing the safety and efficiencies for the FAA, the Airport and the airlines. The contract will be publicly advertised and a vendor will be competitively selected for operations beginning in 2011. This is the recommended alternative.

**Alternative two: Do nothing.** This alternative would close the Ramp Tower operation and discontinue the practice of controlling aircraft activity on the ramps and aprons at the Airport. It would further burden the FAA controllers with ‘advisory’ ramp control service, diminishing their focus on active runways and taxiways. Inefficiencies in flight operations caused by aircraft movement conflicts would increase, as would the risk of incursions. Further, this action would be in direct conflict with NTSB recommendations. This is not the recommended alternative.

**Alternative three: Staff and operate Ramp Tower with Port of Seattle staff.** Although this option may be viable in the future, it does not reflect the core competency or charge for the airport at this time. This option may become a viable alternative in the future and should be re-evaluated at the conclusion of this contract and subsequent extension if exercised. This is not the recommended alternative.

**Alternative four: Airline or airline consortium model.** This alternative would switch control and oversight of the Ramp Tower operation from the Airport to the airlines or an airline consortium to operate and manage ramp traffic themselves. Currently, this alternative has not been formally proposed by the airlines and it is unclear how issues of impartial traffic assignments, staffing coverage, cost, insurance and use of Port facilities would be addressed. These issues and this alternative should be re-

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evaluated at the conclusion of this contract and subsequent extension if exercised. This is not the recommended alternative.

### **PREVIOUS COMMISSION ACTION:**

On November 22, 2005, Commission authorized execution of a three-year PSA, for an estimated cost of \$3,675,000, with provisions for two one-year extensions, for the operation of the Airport Ramp Control Tower Facility.

On November 11, 2008, Commission authorized execution of the first one-year extension to the PSA for the operation of the Airport Ramp Control Tower Facility, for an estimated cost of \$1,019,000.

On September 22, 2009, Commission authorized execution of the second one-year extension to the PSA for the operation of the Airport Ramp Control Tower Facility, for an estimated \$1,019,000.