

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

**COMMISSION AGENDA**

**Item No.** 5e

**Date of Meeting** January 25, 2011

**DATE:** January 18, 2011

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

**FROM:** Wayne Grotheer, Director, Aviation Project Management  
Mike Ehl, Director, Airport Operations

**SUBJECT:** Additional South Satellite Gate Lobby Space (CIP #C800466)

**Amount of This Request:** \$414,000      **Source of Funds:** Airport Development Fund

**State and Local Taxes Paid:** \$15,580

**Total Estimated Project Cost:** \$1,257,000

**ACTION REQUESTED:**

Request Port Commission authorization for the Chief Executive Office to authorize both design services and the use of Port crews in support of the Additional South Satellite Gate Lobby Space Project at Seattle-Tacoma International Airport (Airport). This authorization is for \$414,000 of a total estimated project cost of \$1,257,000.

**SYNOPSIS:**

The purpose of this project is to provide additional lobby space to serve departing international aircraft in the west end of the South Satellite. The Delta/Northwest merger combined with peak operation of other international flight departures has overtaxed the west end of the South Satellite resulting in disruptions to operations due to severe overcrowding at peak times. The west end holdroom area is used by international carriers such as Asiana Airlines, Korean Air, Hainan Airlines, EVA, British Airways, Icelandair, Lufthansa and Air France. This project includes the demolition of glass partitions and restrooms, relocation of gate podiums, and installation of new flooring, ceilings and infrastructure. Providing additional gate lobby space would help alleviate overcrowding for passengers and provide a more comfortable experience for them prior to boarding for a long international flight. Design will be accomplished by a firm selected via an advertisement approved on November 2, 2010, and removal of regulated materials, partitions and miscellaneous other work will be performed by Port Crews.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

January 18, 2011

Page 2 of 5

### **BACKGROUND:**

The west end of the South Satellite consists of five international aircraft gates with adjacent holdrooms and passenger check-in facilities. These gates/holdrooms were configured in the early 1990s with moveable glass partitions that could be closed to create “in-transit” lounges for international passengers arriving at Seattle but intending to clear customs at their next destination. In-transit facilities have become unnecessary as all arriving international passengers are required to clear customs at their first stop in the United States. The Delta/Northwest merger combined with the peak operation of international flight departures has overtaxed the west end of the South Satellite resulting in disruptions to operations due to severe overcrowding at peak times.

### **PROJECT JUSTIFICATION:**

Today the South Satellite, and in particular the west end (gates S-10 to S-16), is very crowded. The consolidation of Delta/Northwest’s operations, coupled with continued growth of international service, is exceeding the ability of the South Satellite to adequately serve both airlines and their passengers. Customer service challenges exist particularly in the west end where existing gate hold rooms are limited by partitions and a restroom. Providing additional gate lobby space by removing the glass partitions and demolishing the restroom would alleviate capacity problems and help provide the level of comfort passengers expect prior to boarding for a long international flight.

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

- Adds approximately 3,100 square feet of useable additional passenger gate lobby space, at Gates S10, S11, S12, S15 and S16.
- Improve airline operations by placing gate podiums closer to the doors.

### **PROJECT SCOPE OF WORK AND SCHEDULE:**

***Scope of Work:*** This project will modify the existing use of Gates S10, S11, S12, S15 and S16 (there are no S13 and S14) in order to minimize disruptions to operation and passenger use due to severe overcrowding at peak times. This project will demolish the glass partitions, demolish underutilized restrooms, relocate gate podiums, modify and upgrade existing HVAC, electrical, plumbing, telecommunications and other elements; and ceiling, lighting and floor finishes to create an updated appearance in the satellite. Regulated materials will require abatement in some locations. Port Construction Services (PCS) will perform work in conjunction with small works contractors and issue small works contracts in support of the additional South Satellite Gate Lobby Space at the Airport.

#### ***Schedule:***

Removal of Glass Partitions by PCS – Completion  
Contract for Design  
Design – Completion

February 2011  
March 2011  
June 2011

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

January 18, 2011

Page 3 of 5

Request Commission Authorization to Advertise for Bid  
Bid/Award  
Construction - Completion

July 2011  
September 2011  
February 2012

### **FINANCIAL IMPLICATIONS:**

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

Original Budget	\$1,257,000
Budget Increase	0
Budget Transfers	0
Revised Budget	\$1,257,000
Previous Authorizations	0
Current request for Authorization	\$414,000
Total Authorizations, including this request	\$414,000
Remaining Budget to be Authorized	\$843,000

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

Construction Costs	\$148,420
Sales Tax	\$15,580
Outside Professional Services	\$200,000
Port Costs	\$50,000
Total	\$414,000

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

The budgeted cost for this scope of work was included in the 2011-2015 capital budget and plan of finance as a business plan prospective project under CIP # C800412, South Satellite Concessions Upgrade Project. This scope of work (and budget) was transferred to a new CIP, C800466. The funding source will be the Airport Development Fund.

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

<b>CIP Category</b>	Revenue/Capacity Growth
<b>Project Type</b>	Business Expansion
<b>Risk adjusted Discount rate</b>	N/A

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

January 18, 2011

Page 4 of 5

<b>Key risk factors</b>	N/A
<b>Project cost for analysis</b>	\$1,257,000
<b>Business Unit (BU)</b>	Terminal
<b>Effect on business performance</b>	Increase NOI
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	Less than \$.01, but no change compared to business plan forecast.

### **ENVIRONMENT AND SUSTAINABILITY:**

The principles of LEED commercial interior standards will be applied to the selection of new materials, with a focus on lighting.

### **STRATEGIC OBJECTIVES:**

This project supports the Port's strategy to "Ensure Airport and Seaport Vitality" by optimizing available public space, at an airport gate holdroom area, via a relatively low investment of funds.

### **BUSINESS PLAN OBJECTIVES:**

This supports an objective to attract and keep additional international air service into Seattle and the northwest region. The west end of the South Satellite holdroom area is used by international carriers such as; Asiana Airlines, Korean Air, Hainan Airlines, EVA, British Airways, Icelandair, Lufthansa and Air France. With the increase in activity by these carriers as well as Delta, this project will help create a more comfortable and operationally efficient holdroom environment.

### **TRIPLE BOTTOM LINE SUMMARY:**

This work supports international flights that help drive our local economy and to diversify our community. Energy efficiency will be taken into account during design to benefit the environment.

### **ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:**

**Alternative 1:** Demolish the glass partitions and restrooms, relocate gate podiums, and install new flooring, ceilings and infrastructure. This will provide 3,100 square feet of additional gate lobby for the west end of the South Satellite. **This is the recommended solution.**

**Alternative 2:** Complete either the removal of the glass partitions or the restroom in an effort to add space but not both. Either of these options would add additional gate lobby but neither alone would open the space to allow better passenger flow. This is not the recommended alternative.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

January 18, 2011

Page 5 of 5

**Alternative 3:** Extend the SSAT building envelope to the west to create additional floor space. This action would be premature in light of the terminal development planning activities currently underway. This is not the recommended alternative.

### **OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:**

None.

### **PREVIOUS COMMISSION ACTION:**

On November 2, 2010, the Commission authorized the execution of an IDIQ professional services contract for design services in the amount of \$400,000 in support of anticipated capital improvement projects related to South Satellite Concessions and Gate Lobby Projects at Seattle-Tacoma International Airport (Airport). No funding was associated with this authorization.