

ITEM NO.	<u>6b supp</u>
DATE OF	
MEETING	<u>January 25, 2011</u>

Airline Realignment Program

Commission Briefing for Seattle-Tacoma International Airport

Airline Industry Changes

The U.S. airline industry rapid evolutionary changes:

- Corporate consolidation
- Technological advancement
- Restrained capacity
- Renewed profitability

Recent U.S. airline consolidation:

- Northwest Airlines and Delta Air Lines
- Frontier Airlines, Midwest Airlines, and Republic Airlines
- United Airlines and Continental Airlines
- Southwest Airlines and Air Tran Airlines (Proposed)

At Seattle-Tacoma International Airport, several airlines have stated the desire of to relocate and/or consolidate terminal facilities to achieve economic, operational, and customer service objectives.

Further, Alaska Air Group has implemented a strategic plan to consolidate the operations of Alaska Airlines and Horizon Air on the North Satellite and Concourse C.

One-Time Airline Realignment

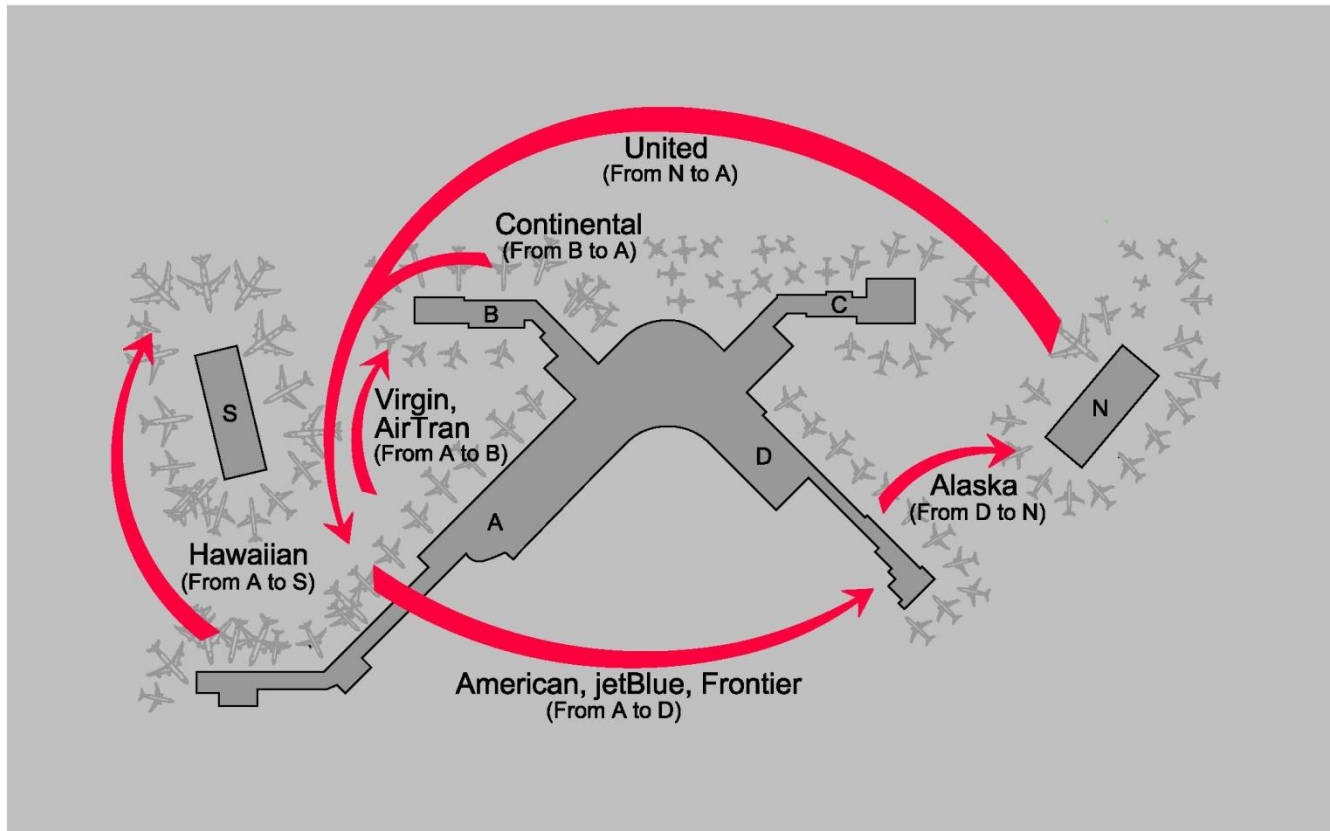
The current Airline Signatory Lease and Operating Agreement (SLOA) anticipated these changes and includes a provision for a one-time airline reallocation

It is now time to trigger this provision

**Airlines directly impacted by this realignment include:
Air Tran, Alaska, American, Frontier,
Hawaiian, jetBlue, United and Virgin America**

Airline notification of our intent to exercise this one-time airline reallocation provision was made through a letter to the members of the Airline Airport Affairs Committee (AAAC) on December 9, 2010

One-Time Airline Realignment



Airline Realignment Projects

A number of projects have emerged in order to complete this realignment:

<u>One-Time Reallocation Projects</u>	<u>Estimated Cost</u>	<u>Estimated Date of Authorization</u>
Concourse D Common Use Environment	\$ 4,250,000	Jan-25-11
Passenger Loading Bridges	\$14,530,000	Feb-22-11
Baggage Modifications	Currently \$ 5,000,000	Feb-22-11
Reallocation Capital Improvements	<u>\$ 6,110,000</u>	TBD
	Total: \$24,895,000	

Airline Realignment Projects

Other projects that are connected to the Airline Realignment:

<u>One-Time Reallocation Projects</u>	<u>Estimated Cost</u>	<u>Estimated Date of Authorization</u>
Projects “Linked” to realignment Includes North Satellite HVAC replacement and Seismic Improvements for example	Approx \$59,000,000	TBD
Projects “Related” to realignment Includes Airport wide Common Use Infrastructure and Concourse C Improvements for example	Approx \$13,000,000	TBD
“Future” projects related to realignment Includes North Satellite Expansion or other flow-through ticket counter improvements for example	TBD	TBD

Project planning, development, and airport approvals are underway

Change Opportunities

With the implementation of the provisions of the One-Time Reallocation, the Airport is in a position to assess the opportunities this will provide.

For instance, airlines continue to make technological advances in passenger and baggage check-in and processing activities. This can and will have an impact on how ticketing counters are arranged, staffed and configured.

Next steps include immediate planning tasks through the efforts of the recently hired Campus Planner. The planner work plan includes:

- Identifying ways realignment can be an opportunity to increase capacity.
- Focusing on technology and process improvement in lieu of more costly capital expansion projects to gain capacity.
- Balancing capacity across all terminal functions based on new airline locations.
- Quantifying supportable retail area on each concourse based on new airline locations.
- Developing phasing strategies that minimize cost and operational disruption.
- Positioning terminal for next generation processes that enhance flexibility and minimize cost of future change.
- Refining scope and cost assumptions.

Airline Move Schedule

The airlines impacted by the moves are initiating planning and project development to implement the moves associated with the airline realignment.

Current schedule for airline moves is:

Early 2012

- Frontier relocates
- jetBlue relocates
- Air Tran counter relocate

Mid 2012

- Continental counter relocates
- Hawaiian relocates
- American relocates

Late 2012/Early 2013

- Air Tran gate relocates
- Virgin America relocates
- Continental gates relocate
- United relocates
- Alaska renovates North Satellite and Concourse C