

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6a

Date of Meeting February 22, 2011

DATE: February 14, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: David Soike, Director, Aviation Facilities and Capital Program
Wayne Grotheer, Director, Aviation Project Management Group
Michael Ehl, Director, Airport Operations
Elizabeth Leavitt, Director, Aviation Planning & Environmental Services

SUBJECT: Planning for Terminal Realignment

Amount of This Request: \$713,000 **Source of Funds:** Airport Development Fund

State and Local Sales Tax Paid: \$0 **Jobs Created:** N/A

Total Estimated Program Cost: \$97 million

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to authorize planning and pre-design work in the amount of \$713,000 for the One-Time Airline Realignment Program at Seattle-Tacoma International Airport (Airport), which is ultimately expected to cost approximately \$97 million for all program elements as described in the briefing to the Commission on the Airline Realignment Program on January 25, 2011.

SYNOPSIS:

Last June the Commission authorized execution of a \$1,300,000 Indefinite Delivery Indefinite Quantity (IDIQ) services agreement to provide Airport campus-wide outside consultant support resources for staff. The IDIQ was publicly advertised. After receipt of proposals, competitive interviews were held, and URS Corporation was selected to perform the work. In January the Commission authorized the first \$475,000 portion of work to occur that involves planning related to the international passenger arrival area within the South Satellite. That work will provide plans for both immediate relief of congestion choke points, in addition to planning how, when, and where to provide efficient facilities for the long-term. This new authorization request relates to the next portion of work.

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This requested service directive will perform work within the main terminal building, concourses, and the airside and landside areas of the Airport. The work involves planning and pre-design related to ticket counters, passenger checkpoints, concessions, common use improvement, etc. The focus of the work is to facilitate the near term relocations of several airlines within the terminal, and to develop a long term strategy to assure that adequate capacity and flexibility is programmed for future relocations, new entrants, and other unforeseen changes that are certain to occur in the dynamic industry. The Airport will take a comprehensive review of the near-term realignment of the airlines over the next couple of years to assure that those moves are designed in a manner that is consistent with the best strategic long range interests of the Airport. To perform this work, a service directive will be executed in the amount of \$713,000.

BACKGROUND:

In the current Signatory Lease and Operating Agreement (SLOA), there is provision for a One-Time Airline Reallocation allowing the Airport to reassign airline operations areas for better utilization of the existing facility. The Airport has issued a notice of intent to exercise the One-Time Reallocation to support airline consolidation interests to maximize operational efficiency, and the Port and airlines' mutual interest in deferring significant capital expansion costs.

PROJECT JUSTIFICATION:

As a result of the airline realignment, passenger, baggage, and vehicle patterns throughout the terminal will change. It is necessary to understand capacity and revenue implications so that they can be mitigated, as well as strategic issues and opportunities that can be leveraged now as part of the airline realignment or at some future date. It is also necessary to understand airport-wide issues across airside, terminal, and landside in a comprehensive way for elements linked to the strategy for terminal development.

This service directive will provide needed basis of design, planning, and pre-design for the many follow-on projects that comprise the overall One-Time Airline Reallocation multi-year effort.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

The planning and predesign work for the Airline Realignment is two-fold:

1. **Near-term planning and predesign** that will provide a basis of design for efficient and cost effective execution of follow-on projects for the Airline Realignment Program.
2. **Long-term planning** which will ensure that our immediate decisions on the Airline Realignment Program are consistent with our vision for the future and enables efficient and cost effective incremental development.

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To fulfill the business plan objectives of the airport, a number of projects are being planned for the future related to a realignment of airlines, gates, and terminal facilities, such as: curbside, ticketing, wayfinding, security checkpoints, baggage systems, retail concessions, gates, and airline offices. These projects include such things as:

- Conversion of some ticket counters from one- to two-step in lieu of more expensive capital development options in the future
- Improvement of the north checkpoint to accommodate larger peak passenger enplanements at the north satellite related Alaska's move
- Estimating future passenger flows as a result of both the airline realignment and general passenger growth over time to understand broad issues related to rough size and location of core areas of clustered passenger amenities such as concessions
- Facilitating technology and process improvement in our ticket lobby for common self-serve kiosks, passenger self-tagging of bags, and common bag drops
- Other related capacity issues may be considered and analyzed

Schedule:

The planning and pre-design effort for the airline realignment program is expected to be complete in the third quarter of 2011.

FINANCIAL IMPLICATIONS:

<u>Project Cost Breakdown</u>	<u>This Request</u>
Construction costs	0
Sales tax	0
Outside professional services	\$713,000
Total	\$713,000

Budget Status and Source of Funds

The 2011 Commission approved operating budget included expenses related to the One-Time Airline Realignment. This authorization will utilize a portion of this budget. The funding source for this planning and pre-design work will be the Airport Development Fund. In addition, as capital projects are defined, where appropriate, some services performed under this authorization could be charged to capital projects that will be separately authorized by the Commission. In those cases, the funding source would correspond to the funding source assigned to those capital projects.

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Lifecycle Cost and Savings:

The lifecycle cost and savings of this project will be determined as an element of later design.

ENVIRONMENT AND SUSTAINABILITY:

This project will seek to program sustainable materials, to optimize capacity within our existing terminal footprint, to enhance revenue, and to reduce cost in response to future industry change.

STRATEGIC OBJECTIVES:

The project ensures Airport vitality by providing enhanced capacity and asset renewal in Airport facilities which benefit our passengers and airline partners.

TRIPLE BOTTOM LINE SUMMARY:

This project will provide tangible benefits to the design of the Airline Realignment Program, which in turn will increase the long-term ability of the Airport to serve a growing number of both passengers and airlines. Long-term vitality of the Airport benefits the regional economy, the local environment, and nearby communities.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative 1: Planning & Pre-design by a Separate Team Prior to Design

Perform planning and pre-design outside services prior to start of design. This enables efficient and cost-effective design by a separate team focused on planning and pre-design issues. It provides a clear definition of client requirements for design. **This is the recommended alternative.**

Alternative 2: Planning & Pre-design by the final Design Team

Perform planning and pre-design as part of the design scope of work. This approach is typically used on smaller projects with simpler scopes. On large projects with more complex and specialized scopes, this approach can result in longer schedules and cost inefficiencies due to start and stop of a large multidisciplinary team if planning issues need to be revisited. Additionally, a team with strong design expertise may not have strong expertise with strategic airport terminal planning. This is not the recommended alternative.

Alternative 3: Do Nothing

Doing nothing would move the Airline Realignment Program directly to design implementation on projects without prior technical planning analysis and without the benefit of longer-term strategic planning. This is not the recommended alternative.

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OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

None.

PREVIOUS COMMISSION ACTION:

On June 8, 2010, the Commission authorized execution of an IDIQ Service Agreement for Terminal Development Strategy (TDS) Campus Planning Services. The maximum value of this IDIQ Service Agreement was authorized at \$1,300,000.

On January 25, 2011, the Commission authorized planning and pre-design work via the campus planning service IDIQ agreement for the FIS Mid-Term Improvements Phase 1 project in the amount of \$475,000.

On January 25, 2011, the Commission was briefed on the Airline Realignment Program as part of the authorization for the Concourse D Common Use Expansion project.