

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

**COMMISSION AGENDA**

**Item No.** 5e

**Date of Meeting** June 14, 2011

**DATE:** June 3, 2011

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

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

**SUBJECT:** Airport Signage – Airline Realignment (CIP # C800474)

**Amount of This Request:** \$238,000

**Source of Funds:** Airport Development Fund

**State and Local Taxes Paid:** \$0

**Total Project Cost:** \$646,000

**ACTION REQUESTED:**

Request Commission authorization for the Chief Executive Officer to: 1) authorize design of the Airport Signage – Airline Realignment project (CIP# C800474) at Seattle-Tacoma International Airport (Airport). This authorization is for \$238,000 of a total project cost of \$646,000, and 2) execute a professional services Indefinite Delivery Indefinite Quantity (IDIQ) contract for signage design services totaling \$400,000 for four (4) years in support of upcoming capital improvement projects, including the Airport Signage – Airline Realignment project at the Airport.

**SYNOPSIS:**

This authorization is one of many that have already been approved by the airlines and is necessary for the one-time realignment of air carrier operations that will take place at the Airport over the next few years. The realignment was driven by the merger of two different sets of major carriers and the consolidation needs for Alaska Airlines which necessitated the repositioning gating, holdroom, and ticketing positions throughout the Airport. The air carriers are pursuing an aggressive schedule in which we complete the first relocation this year, followed by four (4) airline relocations in 2012, and three (3) additional relocations in 2013 prior to Alaska Air Group's renovation of the North Satellite and Concourse C. The total estimated capital costs for the realignment program is \$30-\$35 million. The associated tenant relocation reimbursements and expense costs are estimated at \$20-\$25 million. In addition, there are a series of linked projects estimated at \$70 million. See Attachment A for a listing of the projects. This request includes both a realignment-specific signage project design authorization and an IDIQ contract that provides supplemental resources necessary to meet realignment timeframes.

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Due to this realignment, a number of airlines are scheduled to relocate aircraft gate, ticketing, and baggage operations. The relocation of these airlines will require signage to be replaced through-out the airport for passenger wayfinding and airline location and identification purposes. In-house resources for the design of this signage will be supplemented by the signage IDIQ design contract. This IDIQ design contract will support both the Airport Signage – Airline Realignment project as well as other future capital improvement projects such as the escalator replacements that will also require design services beyond the capacity of in-house resources. It is estimated that the contract will be executed by January 2012 and have a 3 year ordering period. The contract duration may extend beyond that period to allow work to be completed.

### **BACKGROUND:**

With on-going airline consolidation interests and a goal to maximize utilization of our existing facilities, the Airport has issued intent to exercise the One-Time Reallocation provision in the current Signatory Lease & Operating Agreement (SLOA). The reallocation will require a number of modifications associated with the airlines who will relocate their gate and ticket counter operations, to effectively operate in their new locations.

### **PROJECT STATEMENT AND OBJECTIVES:**

#### ***Project Statement:***

Replace Airport signage throughout the airport as necessary to support the airline realignment program.

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

Accommodate the airline relocations by providing Airport standard directional static signage at various locations in the main terminal, satellites, roadways, and parking garage to maintain wayfinding for airport users.

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

#### ***Scope of Work:***

Replace Airport standard directional static signage at various locations in the main terminal, satellites, roadways, and parking garage.

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### ***Realignment Airport Signage Schedule:***

Initiate Procurement for designer	May	2011
Begin design (In-house)	October	2011
Complete procurement for outside designer	January	2012
Complete first realignment signage installation (In-house design)	January	2012
Complete final realignment signage installation	May	2013

## **FINANCIAL IMPLICATIONS**

### **Budget/Authorization Summary**

Original Budget	\$646,000
Budget Increase	\$0
Revised Budget	\$646,000
Previous Authorizations	\$0
Current request for authorization	\$238,000
Total Authorizations, including this request	\$238,000
Remaining budget to be authorized	\$408,000

### **Project Cost Breakdown**

### **This Request**

### **Total Project**

	<b><u>This Request</u></b>	<b><u>Total Project</u></b>
Construction Costs		\$373,000
Sales tax		\$35,000
Outside professional services	\$187,000	\$187,000
Aviation PMG and other soft costs	\$51,000	\$51,000
Total	\$238,000	\$646,000

### **Source of Funds**

This project is included in the 2011-2015 Capital Budget and Plan of Finance as a business plan prospective project within CIP # C800411, Terminal Realignment. The scope and budget for this project has been transferred to a new CIP, CIP # C800474. The funding source will be the Airport Development Fund.

### **Financial Analysis**

<b><i>CIP Category</i></b>	New/Enhancement
<b>Project Type</b>	Renewal & Replacement
<b>Risk adjusted Discount rate</b>	N/A
<b>Key risk factors</b>	N/A
<b>Project cost for analysis</b>	\$646,000
<b>Business Unit (BU)</b>	Terminal

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<b>Effect on business performance</b>	NOI after depreciation will increase
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	CPE will increase by less than \$.01 by 2012. However, no change to business plan forecast as this project was included.

### **ECONOMIC IMPACTS AND BUSINESS PLAN OBJECTIVES:**

A number of airlines are projected to relocate operations. This will result in airline relocations to different gates and ticket counters. This project will replace Airport signage to accommodate wayfinding to the new airline locations. Failure to make these proposed changes could negatively impact customer service.

### **STRATEGIC OBJECTIVES:**

This project promotes the Port's strategic goals to "Ensure Airport and Seaport Vitality" and "Be a Catalyst for Regional Transportation Solutions" by providing the signage required for passengers to locate their airlines efficiently. With numerous airlines relocating to other gate and ticket counter locations, there are signage modifications that must be addressed on the roadways, parking garage, terminal, and Satellite Transit System (STS) locations. The relocations will yield a better balanced facility, increasing through-put rates in a finite sized terminal. There are a number of projects, which are directly tied to this One-Time Reallocation (Airline Realignment) program, that are in concert with Alaska Air Group's Master Plan to consolidate their gate operations onto the North Satellite and Concourse C.

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

This project 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/RECOMMENDED ACTION:**

ALTERNATIVE 1: Replace airport signage throughout the Airport as necessary to support the airline realignment program utilizing a combination of in-house and consultant IDIQ resources. This alternative maintains airport user wayfinding throughout the Airport reducing user confusion and loss of way. **This is the recommended action.**

ALTERNATIVE 2: Replace airport signage throughout the Airport as necessary to support the airline realignment program utilizing only in-house resources. This alternative would overtax in-house resources and could delay installation of signage and thus the scheduled relocation of airlines. This is not the recommended action.

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ALTERNATIVE 3: Do nothing. This alternative would complicate the realignment program by limiting way finding for airport users. It would increase user confusion and loss of way. This is not the recommended action.

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

Attachment A: Airline Realignment Project List

### **PREVIOUS COMMISSION ACTIONS/BRIEFINGS:**

On June 8, 2010, the Port Commission authorized execution of an IDIQ contract for the Terminal Development Strategy Campus Planning Services IDIQ in the amount of \$1,300,000

On September 28, 2010, the Port Commission was given a summary briefing of the upcoming 201 capital improvement plan that included the airline realignment program elements.

On January 25, 2011, the Port Commission was given an overview of the airline realignment and authorized design and construction of the Concourse D Common Use Expansion Project (C800455) in the amount of \$4,250,000. Commission was also briefed on the Airline Realignment Program as part of this item.

On February 22, 2011, the Port Commission was shown a summary listing of realignment projects and authorized Planning for Terminal Realignment in the amount of \$713,000.

On February 22, 2011, the Port Commission authorized design and some construction for the Passenger Loading Bridge Replacement Project - Airline Realignment (C800467) in the amount of \$6,700,000.

On March 1, 2011, the Port Commission authorized design and some construction of the Baggage Handling System (BHS) Improvements - C22 BHS connection to C1/C1-MK1 Replacement /TC3 Replacement (C800382) in the amount of \$1,731,000.