

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA – STAFF BRIEFING

Item No.	7a
Date of Meeting	June 14, 2011

DATE: June 3, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Michael Ehl, Director Aviation Operations

SUBJECT: International Air Service Growth and Future Facility Requirements

SYNOPSIS:

International passenger activity at Seattle-Tacoma International Airport (Airport) has grown 34% since 2006 for Asia and Europe combined. Demonstrated growth in this market segment continues in 2011 with an overall increase of 19% in available seats and 13 additional weekly frequencies scheduled by air carriers for the period July through September compared with last year. While such increases are welcome news in an otherwise uncertain economic environment, they nonetheless continue to significantly impact the capacity and passenger experience provided within the aging and inadequate international arrivals facilities of the Airport's South Satellite. This briefing will provide the Commission with the latest market analysis and introduce alternatives by which to improve the Airport's international arrivals facilities to ensure continued success and deliver exceptional customer service to our guests.

BACKGROUND:

International air service has played a significant role in the history of the Airport from its earliest days. Service to Tokyo, Japan, utilizing the airfield, began in 1947, some two years prior to the opening dedication of the Airport terminal in 1949. For nearly 65 years, the Airport has continued to serve the international air service needs of the Pacific Northwest and remains the stated mission of the Airport to this day; *Connecting the region to the world - through flight.*

The Airport's existing international facility, located at the South Satellite, and to which all international flights must arrive, opened July 1, 1973, and has remained virtually unchanged in architectural and functional form. Since 2006, international passenger growth for Asia and Europe has measured 34% and is likely to be a leading growth

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

June 3, 2011

Page 2 of 3

segment of passenger travel at the Airport into the future. As a result of this growth, the peaking nature of airline schedules, and the age of the facility, the international arrivals facility is beyond capacity and is increasingly deficient in its appearance, function, and accommodation of our guests. Summer schedules for 2011 show available seats growing at a rate of 23% for Europe and 16% for Asia across existing, as well as 13 additional weekly departures.

The Airport's geographic location is both a benefit and a detriment in regard to international air service. Lying equidistant from Asia and western Europe, the Airport benefits from being the closest West Coast USA airport to many important markets. However, most international flight activity at the Airport occurs during the mid-day, resulting in peak congestion. On numerous occasions in 2010, arriving international flights were forced to hold passengers onboard following flights of 10 hours or more due to a lack of adequate capacity inside the Federal Inspection Services (FIS) facilities.

To address these shortcomings, Airport staff in 2010 embarked upon a multi-step work plan to respond to immediate challenges, establish objectives for mid- and long-term improvements, collaborate with our airline partners and Customs and Border Protection (CBP) stakeholders, and develop alternatives by which to provide a sustainable solution. The work plan followed a specific order of evaluation:

- 1) Evaluate the potential for de-peaking flight activity via slot control;
- 2) Evaluate improvements within the existing building footprint;
- 3) Evaluate improvements within an expanded building footprint of existing site;
- 4) Evaluate improvements achieved by constructing a new facility on a new site.

Today's briefing will report on work completed, the action plan and milestones, and next steps.

STRATEGIC OBJECTIVES:

This briefing also dovetails with the Commission's work in 2011 to create a strategic plan known as the "Century Agenda" that focuses on the Port's next quarter century. This work involves setting strategic goals that include exploring opportunities for the growth of international and domestic travel and tourism and future travel demand. Those goals will be set following the June 14 Century Agenda panel discussion entitled "Moving People: Airport, Cruise Ships, & Tourism." The Port of Seattle Aviation Division's 2011 Strategic Objectives related to this briefing on International Air Service and Future Facility Requirements include:

- 1) Operate a world-class international airport:
 - Ensure safe and secure operations
 - Anticipate and meet needs of tenants, passengers, and region's economy

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

June 3, 2011

Page 3 of 3

2) Become one of the top 10 customer service airports by 2015.

OTHER DOCUMENTS ASSOCIATED WITH THIS BRIEFING:

Seattle International Air Service Market Overview PowerPoint.

Mid- and Long-Term Alternatives for Facility Improvement PowerPoint.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

The Commission was provided a briefing on the status of the Federal Inspection Services (FIS) on February 2, 2010.