

ITEM NO: 7a Supp

DATE OF

MEETING: September 12, 2011

# Airport Cargo Logistics Development Strategy

## Commission Briefing

# Previous Air Cargo Commission Briefing

- February 22, 2011
  - Overview of air cargo business, operations, and facilities at Seattle-Tacoma International Airport
  - Regional economic benefit of air cargo
  - Changing role of airports for cargo
  - Air Cargo Logistics Study findings
  - Strategic development of airport-based Gateway Logistics Center

# Preliminary Century Agenda Goals: Moving Cargo

- Position the Puget Sound region as a premier international logistics hub.
- Triple air cargo volume to 750 thousand metric tons.
- Grow seaport annual container volume in a sustainable manner to more than 3.5 million TEUs.
- Triple the value of the Port's export cargo to over \$50 billion.

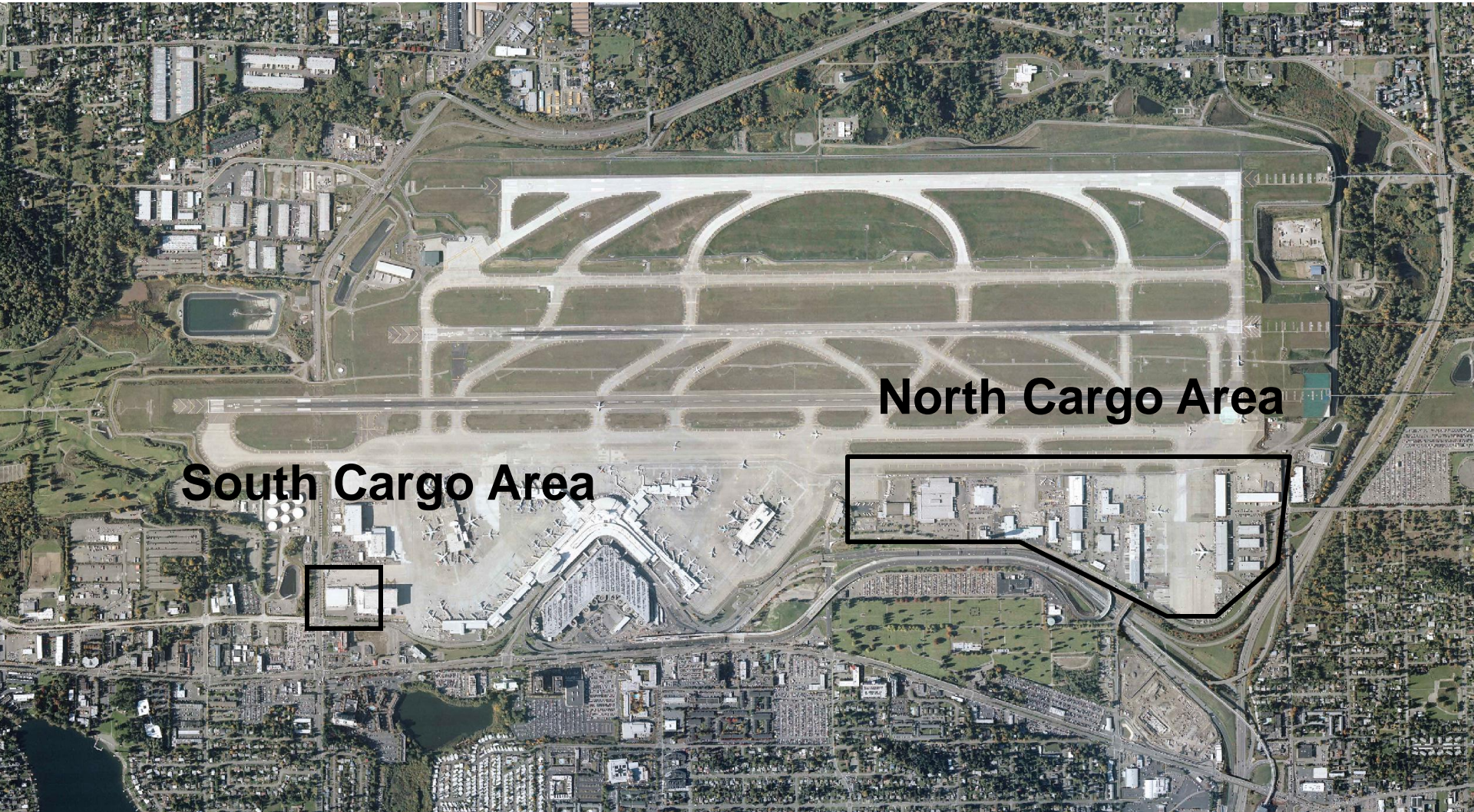
# Three Legs of Air Cargo Development

- Air Service marketing and business development
- On-Airport capital facilities renovation and development
- Off-Airport logistics support facilities development

# Marketing and Business Development

- Market and develop new air cargo service
  - International routes
  - Focus on Asia, Europe and Middle East
  - Freighter main-deck service
  - Facilitate development of belly-cargo service
- Market and develop growth of existing service
  - New destinations
  - Increase frequencies

# Air Cargo Facilities at Sea-Tac



**South Cargo Area**

**North Cargo Area**

# North Cargo Area Map



## CARGO FACILITIES

- I. Cargo Area 1
  - 1 AMB Cargo 1 (multi-tenant)
- II. Cargo Area 2
  - 2 AMB Cargo 2 (multi-tenant)
  - 3 Transplex Building A
  - 4 Transplex Building E
  - 5 Transplex Building F
  - 6 Transplex Building G
- III. Cargo Area 3
  - 7 FedEx
  - 9 AFCO
- IV. Cargo Area 4
  - 12 AMB Cargo 4 (Menzies)
  - 13 UPS/BT Properties
  - 14 AMB Cargo 4 (Southwest Airlines)
  - 15 Alaska Air Cargo
  - 16 United Airlines Cargo
- VI. Cargo Area 6
  - 19 AMB Cargo 6 (Swissport)

**Not shown:** Delta/Northwest Airlines Cargo

## NON-CARGO FACILITIES

- 8 United Airlines Maintenance
- 10 Pump House
- 11 Aviation Maintenance
- 17 FAA Air Traffic Control Tower
- 18 United States Postal Service facility
- 20 ARFF Facility

Aerial Image Date: September, 2006

# On-Airport Facilities

- Implement hardstand expansion and modernization projects for freighter parking
  - Focus on Cargo II and Cargo VI ramps
  - Increase hardstand size, and install fuel hydrant and ground power
- Plan for growth in airside cargo transfer buildings
  - Ramp expansion impacts some existing buildings
  - New buildings will be needed to handle cargo volume growth



# Off-Airport Logistics Development

- Industry-specific air cargo supportive development
- Sea-Tac Gateway Logistics Center concept
- Focus on properties north of the airfield in Burien and SeaTac
- Focus of remainder of briefing

# Sea-Tac Gateway Logistics Center

## Linkage to the Airport

- Efficient roadway linkage to Airport and industry clusters
- Technology linkage
- Connectivity with CPB/TSA/AMS

## Universal branding

- “Sea-Tac Gateway Logistics Center”

## Common standards

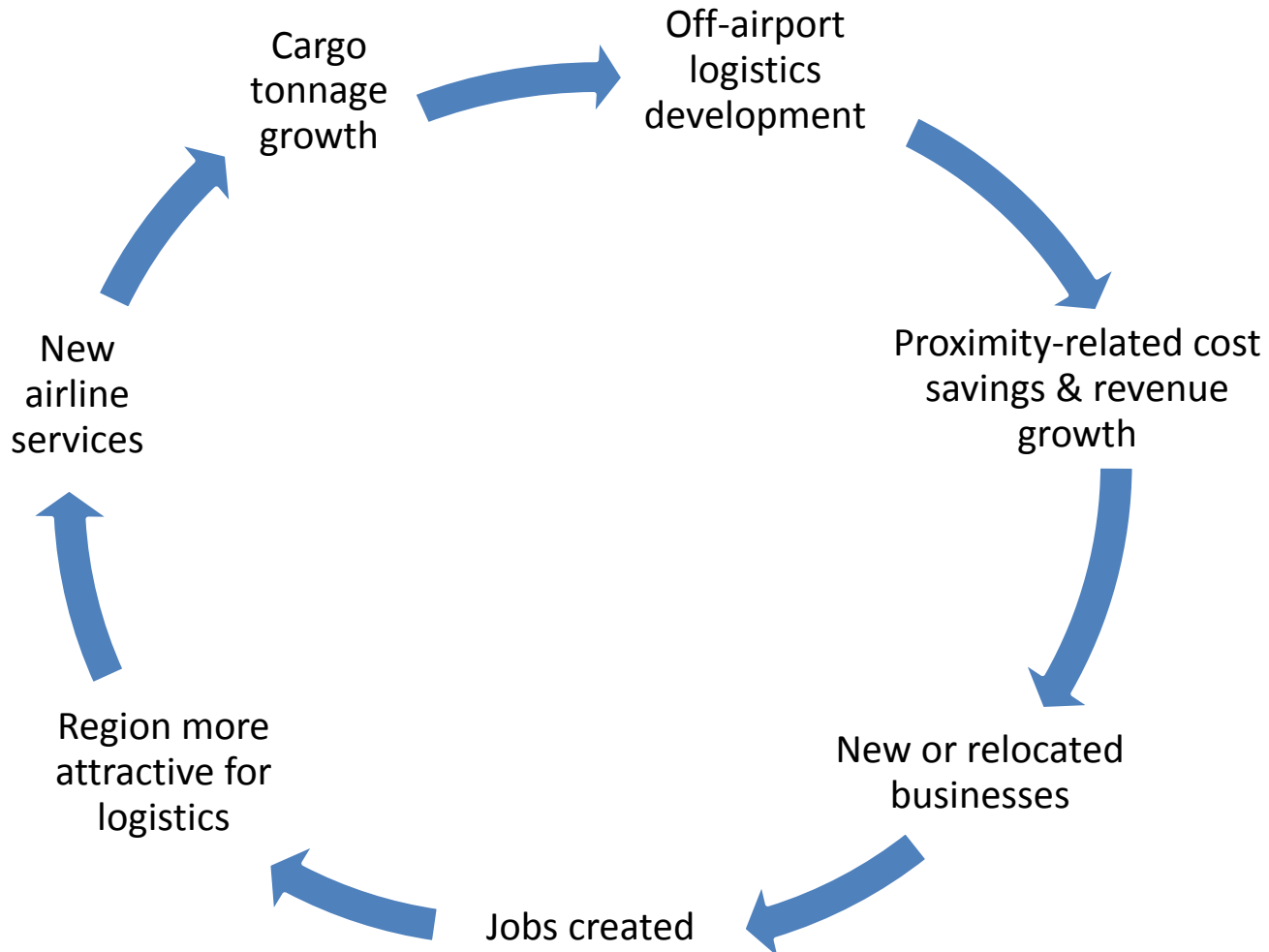
- Design & development
- Property management
- Performance & security



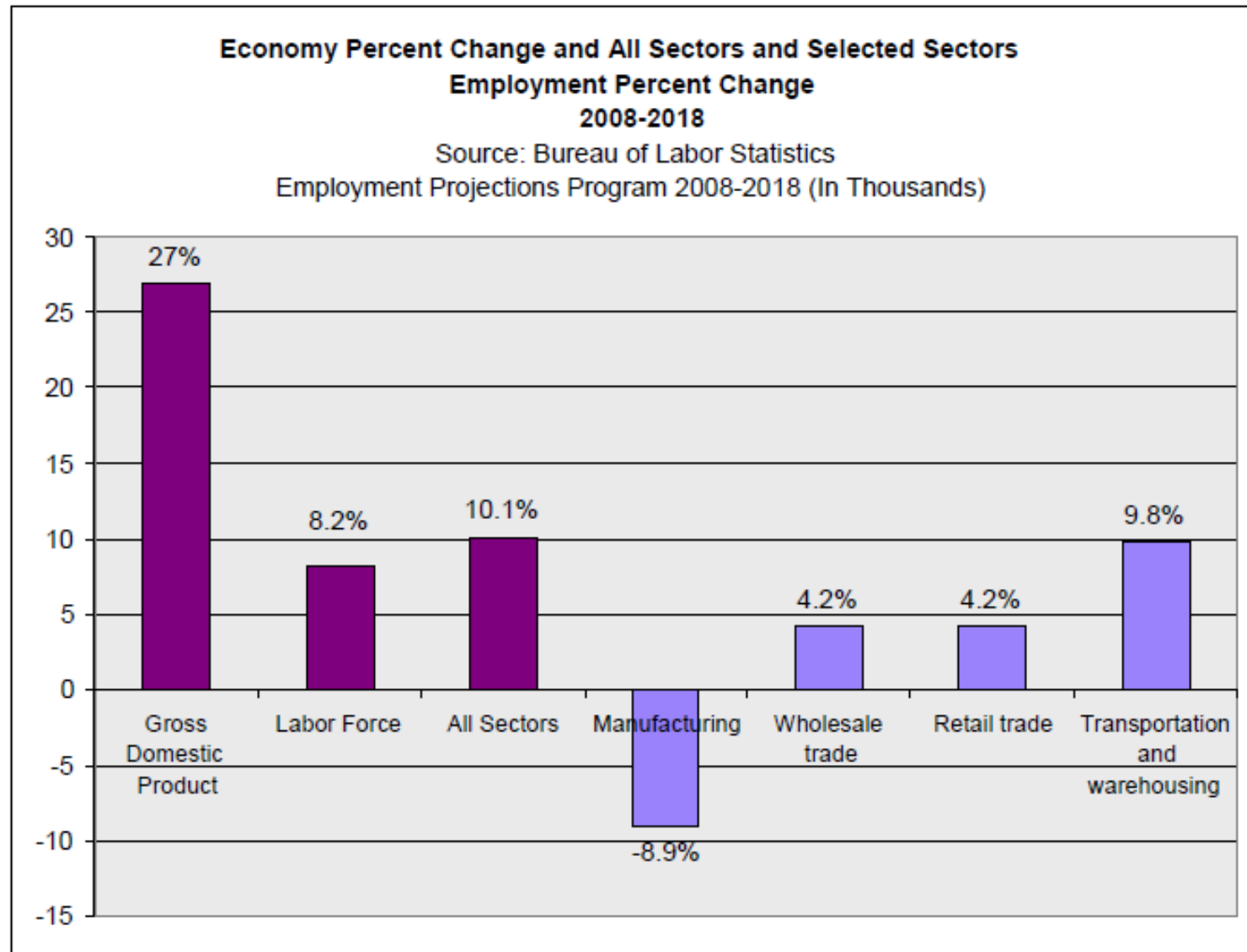
# Why is a Logistics Center important?

- Ties together airport's available separated properties in lieu of a larger contiguous development area
- Creates a bigger package for marketing future development than individual building opportunities
- Integrated logistics services become part of Sea-Tac air cargo brand, in addition to airfield and regional components, to market region's air cargo service
- Businesses like to co-locate with similar activities – creates a “logistics zone” that adds efficiencies for users

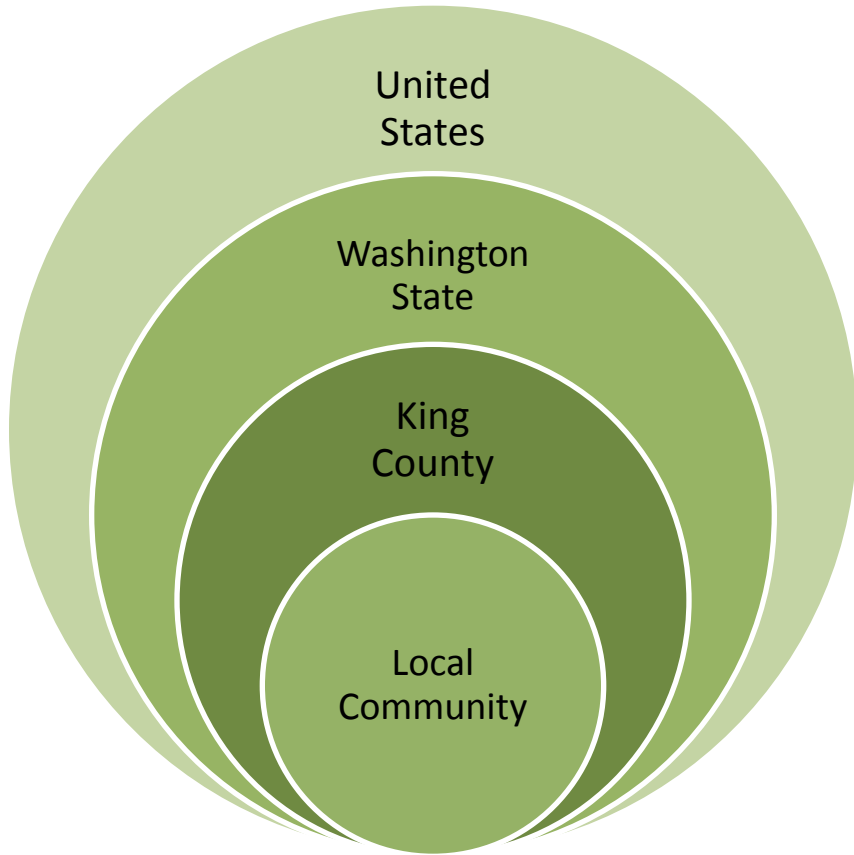
# Development Creates a Virtuous Cycle



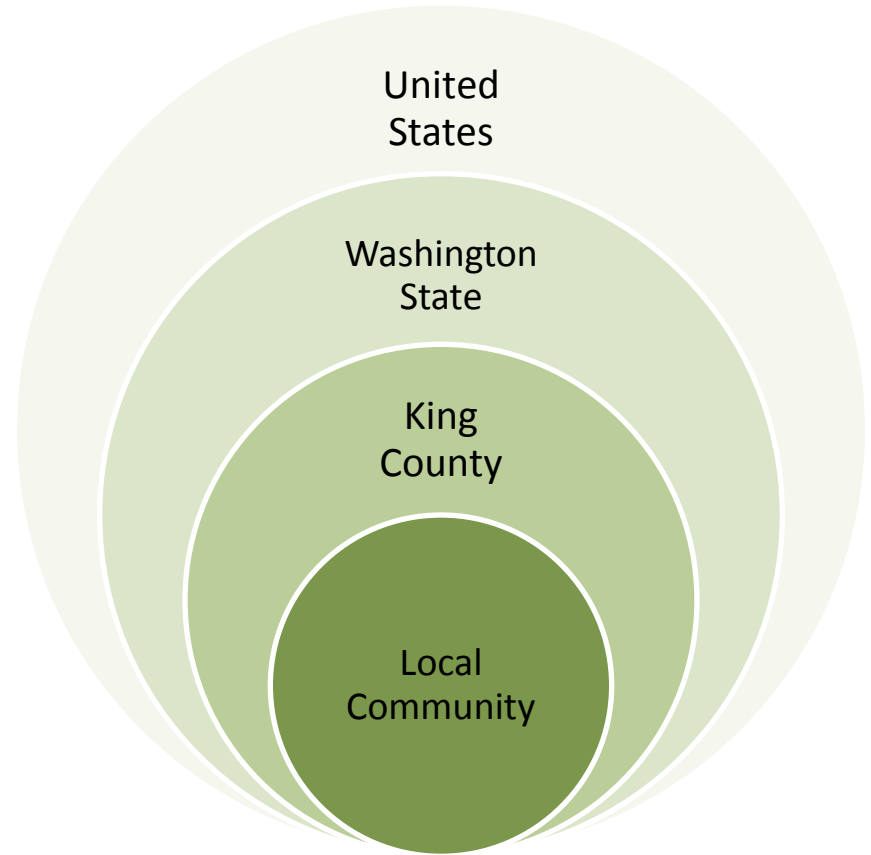
# Specific Industries Employment Growth



# Distribution of Economic Benefits



Cargo Logistics  
Development



Alternate Commercial Use  
Development

# North Airport Properties

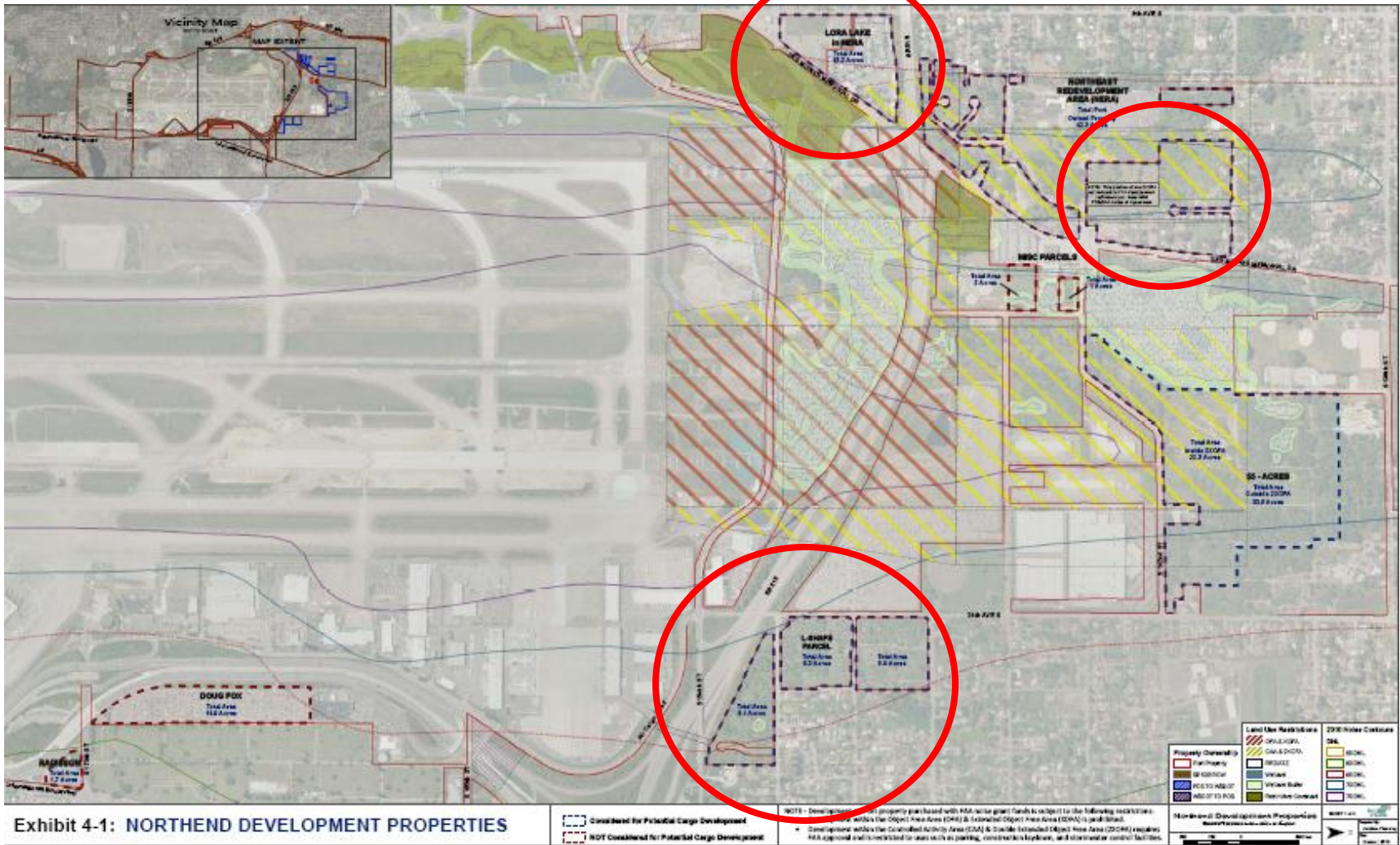
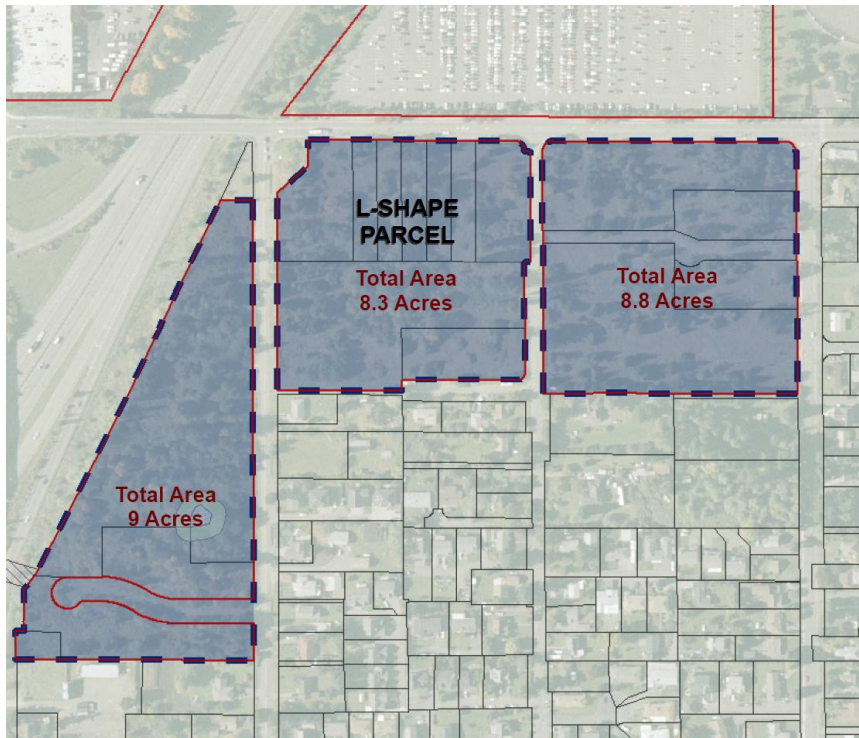


Exhibit 4-1: NORTHEND DEVELOPMENT PROPERTIES

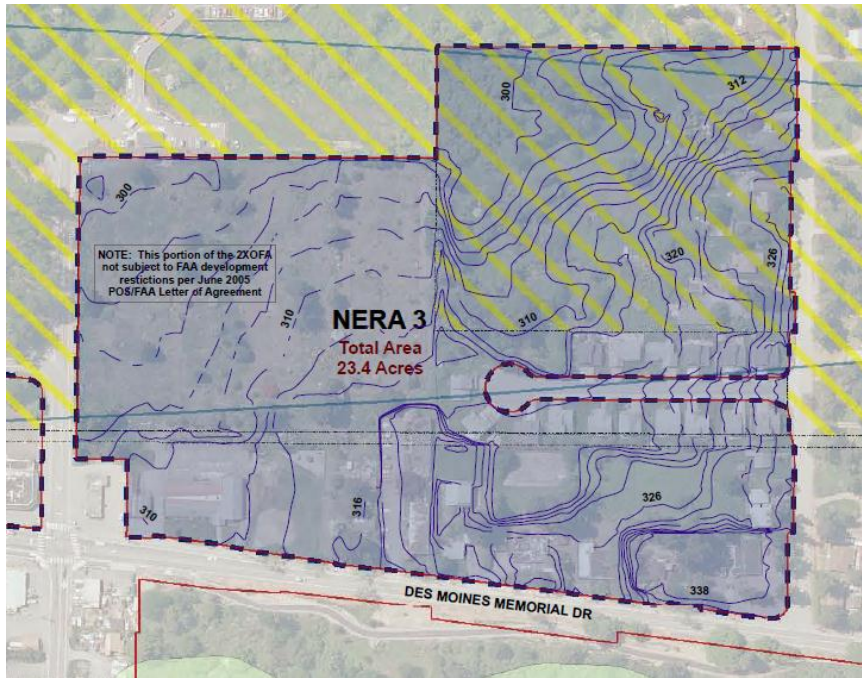
# L-Shaped Property



- Closest to airfield cargo area
- Ready to develop now
- Parcel size: 26.1 acres
- Developable square feet: 200,000 – 300,000
- Type of use: Freight forwarder, consolidator, cargo screening center

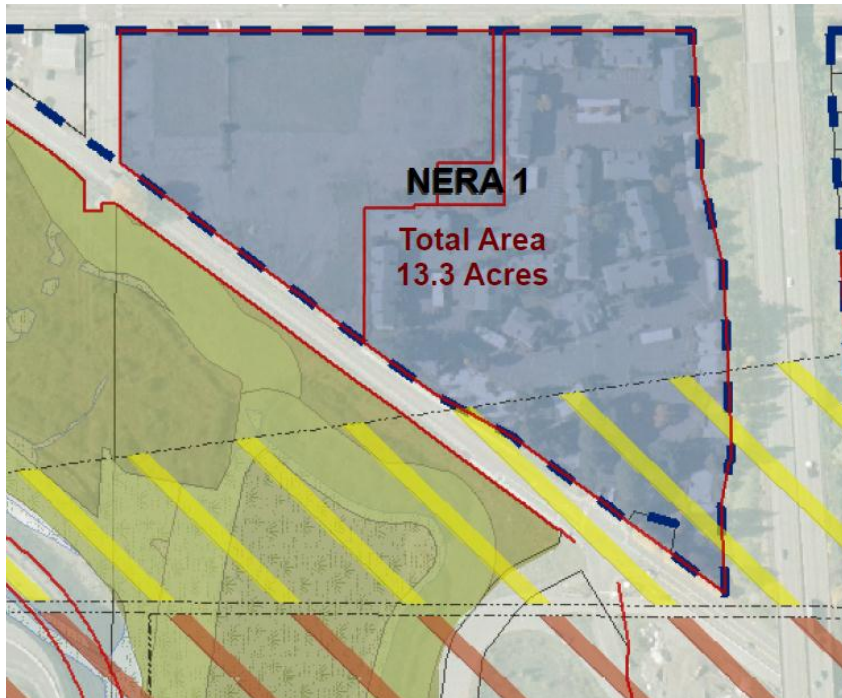


# Northeast Redevelopment Area (NERA) 3



- Largest developable area
- Ready to develop now
- Parcel size: 23.4 acres
- Developable square feet: 400,000
- Type of use: Freight forwarder, distribution center, 3<sup>rd</sup>-party logistics

# Lora Lake/NERA 1



- Excellent highway and airport access
- Development could not happen until after environmental cleanup – 2014 or 2015
- IRS limitation on use of tax-exempt bond funds
- Parcel size: 13.3 acres
- Developable square feet: 230,000
- Type of use: Freight forwarder, consolidator, cargo screening facility

# Work Plans

- Define Port's role in development
  - Active role as developer/owner, or
  - Facilitative role as “orchestrator” of development
- Choose Development Strategy
  - Concept Development: Gateway Logistics Center
  - Parcel Specific Developer: Can still be Gateway Center
  - Seize opportunities as they arise
- Define Development Marketing Plan
- Develop Sea-Tac Air Cargo brand

# Work Plans

- Define linkage of development to airport cargo operations
- End-user market research
- Jurisdictional development agreements
- Study Green Gateway Initiative sustainable development options
- Infrastructure and development needs
- Development timeline and phasing
- Developer selection
- Market airport as total logistics platform

# Environmental Review and Master Planning

- L-Shape:
  - Covered by Comprehensive Development Plan (CDP) and project level environmental review
- NERA:
  - City of Burien and Port partnered to create Redevelopment Plan and Implementation Strategy
  - Environmental Impact Statement completed
  - Also covered by CDP at programmatic level

# Next Steps

- Ambitious development schedule proposed:
  - 2011-2012
    - Articulate Port's development role and formulate overall development strategy
    - Develop branding and conduct market research
    - Begin conversation on jurisdictional development agreements
  - 2012-2013
    - Complete any needed planning or environmental review
    - Sign development agreements with local cities
    - Issue RFP for developer(s)
    - Developer selection

# Next Steps

- Other initiative work continues:
  - 2011
    - Airline notice of airfield capital projects
    - Project planning for related capital projects
    - Cargo airline marketing with focus on China
  - 2012 & 2013
    - Seek Commission authorization for cargo-related capital projects
    - Airfield cargo facilities planning
    - Continue airline marketing and business development

# Logistics Development Strategy Supports Regional Goals

- Creates well-paying local industrial jobs
- Enhances local tax base
- Supports regional manufacturers and exporters
- Growing air cargo tonnage facilitates growth of international passenger service
- Supports logistics industry including airlines