

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

**COMMISSION AGENDA**

**Item No.** 5c

**Date of Meeting** January 10, 2012

**DATE:** January 3, 2012

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

**FROM:** Mike Ehl, Director Airport Operations

**SUBJECT:** Common Use Self Service (CUSS) Kiosk Expansion Project – CIP #C800477

**Amount of This Request:** \$415,000      **Source of Funds:** Airport Development Fund

**Est. Total Project Cost:** \$425,000      **Est. No. of Jobs:** 0

**Est. State and Local Taxes:** \$27,000

**ACTION REQUESTED:**

Request authorization for the Chief Executive Officer to 1) proceed with the Common-Use Self Service (CUSS) Kiosk Expansion Project, 2) authorize the procurement of equipment, and 3) authorize the use of Port staff for installation, for a request of \$415,000 and a total project cost not to exceed \$425,000.

**SYNOPSIS:**

Common-Use Self Service (CUSS) kiosks are currently used by the customers of seven airlines for flight check-in, reducing congestion at ticket counter lines and reducing the higher airline cost of assisted check in by airline customer service agents. Two additional airlines will be added to the kiosks in January. At the Seattle-Tacoma International Airport (Airport) common-use ticket counters, peak demand for check-in positions currently exceeds capacity and several airline tenants currently using these ticket counters have requested additional kiosks for their operations. It is estimated that approximately 210,000 passengers or 20% of common-use ticket counter customers would use the kiosks annually, which would improve the customer experience and reduce congestion at Airport ticket counters.

This project includes the procurement and installation of ten additional CUSS kiosks for the common-use ticket counter lobby. Commission was notified on 04/25/2011 of an approved competition waiver for the procurement of the kiosks. Information and Communication Technology (ICT), Aviation Maintenance, and Port Construction Services (PCS) resources will be used to complete the project. Project costs are estimated to be \$425,000. This project was

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included in the 2012 – 2016 Capital Budget and Plan of Finance as a business plan prospective project within CIP #C800477, CUSS at Common Use Ticket Counters.

### **BACKGROUND:**

The Airport first installed kiosks in 2007. There are currently only eight kiosks installed in the parking garage and three kiosks installed in the main terminal. Seven airlines are participating in the CUSS program, including Alaska/Horizon, Delta, Continental, American, United, Hawaiian, and Korean Airlines. Lufthansa and British Airways will be added to the kiosks in January. Several of these airlines have come on board after the initial implementation, and it is expected that the number of participating airlines will continue to increase over the next several years.

### **PROJECT JUSTIFICATION:**

This project has the following justification:

- Peak demand for the 30 common-use agent-attended ticket counter positions currently exceeds capacity and additional ticket counter positions cannot be provided without modification of the existing building. This change is cost prohibitive. Installation of these kiosks is consistent with the trend towards increased passenger self-service and the Port's commitment to leveraging the existing facility rather than costly brick-and-mortar expansion.
- Kiosks are an integral element of airline passenger processing as evidenced by the proprietary kiosk deployment of many airlines.
- Common-use ticket counter airlines including Air France, Asiana, Hawaiian, Lufthansa, British Airways, EVA, and Korean Airlines all support this project and anticipate kiosk use for every flight when their CUSS application is installed.
- Self-service kiosks afford airlines an opportunity to reduce operating cost by moving agent-based activity to self-service. With an International Air Transport Association (IATA) savings estimate of \$3.57 per passenger using a self-service kiosk, the total airline cost savings opportunity is over \$500,000 annually if 20% of passengers from common-use ticket counter airlines use the new kiosks.

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

Increase airline check-in and bag drop capacity at the Airport common-use check-in counters without the high cost of facility expansion.

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

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

This project includes the following components:

- Procurement of 10 new ARINC CUSS Kiosks.

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- Build-out for electrical and data connections.
- Installation of kiosks as shown on Attachment A.

### ***Schedule:***

Commission Approval	January 2012
Kiosks Received	April 2012
Kiosk Imaging and Installation Complete	July 2012

## **FINANCIAL IMPLICATIONS:**

### **Budget/Authorization Summary:**

Original Budget	\$425,000
Budget Increase	\$0
Revised Budget	\$0
Previous Authorizations this CIP	\$10,000
Current request for authorization	\$415,000
Total Authorizations, including this request	\$425,000
Remaining budget to be authorized	\$0

### **Project Cost Breakdown:**

Hardware	\$270,000
Vendor Services	\$25,000
Port of Seattle Labor or Contractors	\$44,000
Sales tax	\$27,000
Contingency – 20%	\$59,000
Total	\$425,000

### **Budget Status and Source of Funds:**

Project costs are estimated to be \$425,000. This project was included in the 2012-2016 capital budget and plan of finance as a business plan prospective project within CIP #C800477, CUSS at Common Use Ticket Counter. The source of funds is the Airport Development Fund.

### **Financial Analysis and Summary:**

<b>CIP Category</b>	Renewal/Enhancement
<b>Project Type</b>	Technology
<b>Risk adjusted Discount rate</b>	N/A
<b>Key risk factors</b>	N/A

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<b>Project cost for analysis</b>	\$425,000
<b>Business Unit (BU)</b>	Terminal – Airline Equipment
<b>Effect on business performance</b>	N/A
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	Less than \$.01, but no change compared to business plan forecast as this project was included.

### **Lifecycle Cost and Savings:**

This project is required to increase capacity for airline check-in and bag drop processing. There are no significant savings from the completion of this project for the Port of Seattle. Annual labor costs for system maintenance will increase by \$10,000 per year and annual costs for parts and supplies will increase by \$6,000. This will be budgeted within the Aviation Maintenance department budget. Additional hardware license costs will increase by \$5,000. This will be budgeted within the Information and Communication Technology department budget. However, the airlines will realize cost savings and passengers will benefit from faster check-in.

### **ENVIRONMENT AND SUSTAINABILITY:**

No impact to the environment is anticipated as a result of this project. Existing ARINC CUSS kiosks have demonstrated long life and durability.

### **STRATEGIC OBJECTIVES:**

This project supports the following Port strategic objectives:

- Ensure Airport and Seaport vitality by addressing the need for additional ticket counter capacity without costly facility enhancements.
- Be a “high performance organization” by providing access to check-in kiosks; technology commonly expected by the traveling public.

### **BUSINESS PLAN OBJECTIVES:**

Installation of these kiosks is consistent with the trend towards increased passenger self-service and the Port’s commitment to leveraging the existing facility footprint rather than costly brick-and-mortar expansion.

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

This project will improve airline customer experience by reducing check-in queue wait times, have no impact on the environment and improve safety for the traveling public by reducing congestion in the common-use ticket counter lobby.

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### **ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:**

The following alternatives were considered:

1. *Airlines install proprietary kiosks in an area of the terminal building designated as shared or common use.* This alternative would be contrary to a shared facility and could result in each of the carriers deploying their own kiosks. Even at five per carrier, the Airport would have 35 kiosks. Each carrier would then want counter assignments associated with their kiosk deployment, further limiting our resource allocation flexibility. This is not the recommended alternative.
2. *Do Nothing.* This alternative could not serve customers who expect opportunities to self check-in, not serve airlines who are requesting these additional kiosks, and not help decrease congestion in the Airport ticket lobby. This is not the recommended alternative.
3. *Install ten common-use kiosks serving the passengers of multiple airlines at the Airport.*  
**This is the recommended alternative.**

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

Attachment A: Photo of kiosks

### **PREVIOUS COMMISSION ACTION:**

No previous Commission actions or briefings for CIP #C800477, CUSS Kiosk Expansion Project. On July 25, 2006, the Commission approved the original CUSS Kiosk implementation, CIP #C800101, for \$600,000.