

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

**COMMISSION AGENDA**

**Item No.** 5d

**ACTION ITEM**

**Date of Meeting** April 10, 2012

**DATE:** March 30, 2012

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

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

**SUBJECT:** International Ticket Lobby Window Wall Ticket Counters for Seattle-Tacoma international Airport (Airport) (C800490)

**Amount of This Request:** \$1,575,000

**Source of Funds:** Existing Revenue Bonds

**Est. State & Local Taxes:** \$247,000

**Est. Jobs Created:** TBD

**Total Project Cost:** \$4,025,000

**ACTION REQUESTED:**

Request Port Commission authorization for the Chief Executive Officer to (1) authorize design for the International Ticket Lobby Window Wall Ticket Counters project at Seattle-Tacoma International Airport and (2) purchase equipment and fixtures for this project. The total amount of this request is \$1,575,000. The total projected program cost is \$4,025,000.

**SYNOPSIS:**

This project will add 14 ticket counter positions and a bag drop conveyor along the window wall opposite the international ticket counters. The project will provide the Airport greater flexibility within the ticketing lobby. The additional ticketing capability allows greater capacity for both existing and future international carriers without having to expand into ticketing areas traditionally used by domestic carriers.

As a means to avoid the high cost of potential terminal building expansion, the Airport is working with airlines to develop new ticket lobby arrangements in the south end of the existing Main Terminal building. The project will purchase \$750,000 of equipment and fixtures in August 2012 in order to meet the scheduled date to activate the counters in May 2013. The purchase of the equipment and fixtures will be prior to seeking authority to advertise a construction contract.

**BACKGROUND:**

The Airport continues to search for efficiencies in order to maximize utilization of existing terminal facilities and avoid costly expansion programs. With the proposed ticket counter modifications in the south end of the main terminal, the Airport will gain efficiencies through additional passenger processing areas by reallocating space and reconfiguring ticket counter

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layouts and associated airline offices. A recent example elsewhere in the terminal was Alaska Airlines' Two-Step ticketing and baggage drop modifications, including flow-through ticket counters.

Potential new international flights and enplanement growth will lead to increased ticket lobby congestion in the south end of the terminal. Queue lines encroach into the circulation space making transition through the terminal difficult. With the increased number of ticketing positions, international carriers can speed up the ticketing process and reduce the queues.

### **PROJECT JUSTIFICATION:**

The work planned under this project represents a critical component in providing improved operational efficiency throughout the Airport.

#### **Project Objectives:**

Add 14 ticket counter positions and bag drop conveyor along the window wall opposite the international ticket counters.

Project objectives include:

- Making ticket counter positions common use.
- Increasing available ticket counter positions for growing number of international carriers.

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

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

The work consists of design and construction of new window wall ticket counters and baggage conveyors at the international ticket lobby.

#### ***Schedule:***

Begin Design	April 2012
Purchase Equipment and Fixtures	August 2012
Commission Authorize Bid	August 2012
Advertise Construction Contract	September 2012
Begin Construction	February 2013
Activate Ticket Counters	May 2013
Project Completion	July 2013

### **FINANCIAL IMPLICATIONS:**

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

	<b><u>Capital</u></b>	<b><u>Expense</u></b>	<b><u>Total Project</u></b>
Original Budget	\$5,566,000	\$0	\$5,566,000
Revised Budget	\$4,025,000	\$0	\$4,025,000
Previous Authorizations	\$0	\$0	\$0
Current request for authorization	\$1,575,000	\$0	\$1,575,000
Total Authorizations, including this request	\$1,575,000	\$0	\$1,575,000
Remaining budget to be authorized	\$2,450,000	\$0	\$2,450,000

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The budget has been reduced due to changes to scope and project refinements.

<b><u>Project Cost Breakdown:</u></b>	<b><u>This Request</u></b>	<b><u>Total Project</u></b>
Construction Costs	\$ 0	\$1,898,000
Port furnished equipment	\$ 745,000	\$ 745,000
Sales tax	\$ 0	\$ 247,000
Outside professional services	\$ 524,000	\$ 524,000
Aviation PMG and other soft costs	\$ 306,000	\$ 611,000
<b>Total</b>	<b>\$1,575,000</b>	<b>\$4,025,000</b>

### **Financial Analysis**

<b><i>CIP Category</i></b>	Renewal/Enhancement
<b>Project Type</b>	Customer Service
<b>Risk adjusted Discount rate</b>	N/A
<b>Key risk factors</b>	N/A
<b>Project cost for analysis</b>	\$4,025,000
<b>Business Unit (BU)</b>	Terminal
<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 \$.02 in 2014. However, no change to business plan forecast as this project was included.

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

Funding for this project is included in the 2012-2016 capital budget and plan of finance as a business plan prospective project, CIP #C800490. The source of funds for this project will be existing revenue bonds and future revenue bonds.

### **STRATEGIC OBJECTIVES:**

This project promotes the Port's strategic goals to "Ensure Airport and Seaport Vitality" and "Be a Catalyst for Regional Transportation Solutions." It contributes to accommodating the Port's Century Agenda Goal to "Double the number of international flights and destinations."

### **ENVIRONMENTAL SUSTAINABILITY:**

This project demonstrates environmental sustainability by improving existing Port assets and better utilizing existing resources. This project will facilitate greater utilization of the Main Terminal ticket lobby. This reduces the potential environmental impact of major new construction.

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### **BUSINESS PLAN OBJECTIVES:**

The anticipated growth in international enplanements will require additional capacity in passenger processing. These new ticket counter positions, located in the international ticket counter zone, supports the Aviation Division's strategic goal of "Anticipating and meeting the needs of our tenants, passengers, and the region's economy."

### **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. This project will reduce future potential costs by eliminating the need to provide new terminal space by improving the efficient use of space in the ticket lobby and will improve the passenger experience by reducing queuing and speeding up the ticketing process. Long-term vitality of the Airport benefits the regional economy, the local environment and nearby communities.

### **ALTERNATIVES CONSIDERED/RECOMMENDED ACTION:**

**Alternative 1** – Construct 14 ticket counter positions and a bag drop conveyor along the window wall opposite the international ticket counters. This would meet the anticipated needs for additional international flights. **This is the recommended alternative.**

**Alternative 2** – Do nothing and attempt to accommodate new flights at existing common use counters. If growth occurs during the peak period, there may not be adequate vacant common use counters to meet the need. This is not the recommended alternative.

**Alternative 3** – Wait until the new flights arrive and build new counters and the bag drop conveyor at that time. This would mean that the need for additional ticket counters and bag drop could not be met for approximately 15 months due to design and construction. This is not the recommended alternative.

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

Attachment A – Zone 1 Window Wall Ticketing Positions Map

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:**

On September 27, 2011, the Port Commission authorized execution of an IDIQ contract for Airline Realignment Tenant Improvements and Ticket Counter Design services totaling \$10,000,000.