

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5b

ACTION ITEM

Date of Meeting December 4, 2012

DATE: November 21, 2012

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: \$408,000

Source of Funds: Airport Development Fund

Est. State and Local Taxes: \$13,000

Est. Jobs Created: 10

Est. Total Project Cost: \$646,000

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to: (1) advertise and execute construction contracts, and (2) utilize Port crews to replace airline signage affected by terminal realignment as part of the Airport Signage – Airline Realignment at Seattle – Tacoma International Airport project. This authorization is for \$408,000 out of a total project budget of \$646,000.

SYNOPSIS:

Due to the airline realignment, a number of airlines are scheduled to relocate aircraft gates, ticketing, and baggage operations. The relocation of these airlines requires signage to be replaced throughout the Airport for passenger wayfinding and airline location and identification purposes. The work consists of fabrication and installation of static signage and relocation of airline names on signs. The project will be performed through Port Construction Services using a combination of Port crews and small works contracts. Small works contracts provide increased opportunity for small businesses. The costs associated with this requested action are included in the Aviation Division's 2013-2017 Capital Budget and Plan of Finance.

This authorization is one of many that are necessary for the one-time realignment of air carrier operations that will take place at the Airport.

BACKGROUND:

With ongoing airline consolidation and a goal to maximize utilization of our existing facilities, the Airport is exercising the One-Time Reallocation provision in the current Signatory Lease and Operating Agreement. The reallocation will require a number of modifications associated with the airlines that will relocate their gate and ticket counter operations to effectively operate in

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their new locations. The realignment was driven by the merger of major carriers and the consolidation needs for Alaska Air Group, which necessitated the repositioning of gates, hold rooms, and ticketing positions to balance the utilization throughout the Airport.

PROJECT JUSTIFICATION:

The work planned under this project represents a critical component in supporting the broader airline relocation effort while also providing improved operational efficiency throughout the Airport.

Project Objectives:

- Support the timely relocation of airlines.
- Remove regulated materials as required.
- Maintain wayfinding for Airport customers.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

Replace Airport standard directional signage at various locations in the main terminal, concourses, roadways and parking garage. Work involves relocating airline name panels, replacing old, damaged or broken static signs where necessary, and revising signage on Concourse B to support the re-activation of gate B1.

Schedule:

The project schedule is as follows:

Commission Authorization to Bid/Perform Work	December 2012
Start Construction	January 2013
Complete Construction	June 2013

FINANCIAL IMPLICATIONS:

<i>Budget/Authorization Summary:</i>	Capital	Expense	Total Project
Original Budget	\$646,000	\$0	\$646,000
Previous Authorizations	\$238,000	\$0	\$238,000
Current request for authorization	\$408,000	\$0	\$408,000
Total Authorizations, including this request	\$646,000	\$0	\$646,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$646,000	\$0	\$646,000

<i>Project Cost Breakdown:</i>	This Request	Total Project
Construction	\$292,000	\$292,000
Construction Management	\$38,000	\$38,000
Design	\$0	\$187,000
Project Management	\$59,000	\$110,000
Permitting	\$6,000	\$6,000
State & Local Taxes (estimated)	\$13,000	\$13,000

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Total	\$408,000	\$646,000
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Budget Status and Source of Funds:

This project is included in the 2013-2017 Capital Budget and Plan of Finance within CIP #C800474. All the costs will be incorporated into the airline rates and charges and recovered through terminal rents. The funding source will be Airport Development Fund.

Financial Analysis and Summary:

CIP Category	New/Enhancement
Project Type	Renewal & Replacement
Risk adjusted discount rate	N/A
Key risk factors	N/A
Project cost for analysis	\$646,000
Business Unit (BU)	Terminal
Effect on business performance	NOI after depreciation will increase
IRR/NPV	N/A
CPE Impact	CPE will increase by less than \$.01 by 2013. However, no change to business plan forecast as this project was included.

STRATEGIC OBJECTIVES:

This project supports the Port's Century Agenda objective of meeting the region's air transportation needs at Sea-Tac for the next 25 years. The airline realignment will facilitate the ability of the Airport to accommodate growing passenger levels by realigning Airport users with Airport resources and improving operational efficiencies throughout the Airport. 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 concourse locations. These modifications are focused on rearrangement of airline names, as opposed to more general wayfinding.

BUSINESS PLAN OBJECTIVES:

This project supports the Airport's strategic goal of operating a world-class international airport by anticipating and meeting the needs of our tenants and passengers and by managing our assets to minimize the long-term total cost of ownership by improving efficiencies.

TRIPLE BOTTOM LINE SUMMARY:

This project is being performed at the request of our customer airlines. It will benefit the Airport, the traveling public and the environment through consolidating airlines and efficient operations.

This project will increase the long-term ability of the Airport to serve a growing number of both passenger and airlines. Long-term vitality of the Airport benefits the regional economy, the local environment, and nearby communities.

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ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative 1: 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 alternative.

Alternative 2: Replace airport signage with variable message signs. While variable message signs give significant flexibility to relocating airlines in the future, it needs to be a comprehensive project looking at all signage. This project is impacting a limited number of signs, and is not a “like-for-like” replacement, which was the understanding with the airlines for Airline Realignment Projects. This is not the recommended alternative.

Alternative 3: Do nothing. This alternative would complicate the realignment program by misdirecting wayfinding for airport users. It would increase confusion and make it harder for passengers to find their way. This is not the recommended alternative.

Alternative 4: Replace Airport signage throughout the Airport as necessary to support the airline realignment program utilizing a combination of consultants, Port crews, and construction contracts. Relocate sign faces where possible. Install new sign faces where required. Replace broken or damaged signs. This alternative maintains Airport user wayfinding throughout the Airport reducing user confusion and loss of way. **This is the recommended alternative.**

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

- Signage Scope Graphic PowerPoint

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

On October 2, 2012, the Port Commission authorized the Chief Executive Officer to re-advertise and execute one construction contract to install one new Passenger Loading Bridge (PLB) at Gate B1 and to refurbish one PLB at Gate B11. The total estimated cost for this phase of the project is \$1,570,000.

On September 11, 2012, the Port Commission authorized Airline Realignment Tenant Improvement Program - Reimbursement for Alaska Airlines for Seattle-Tacoma International Airport (Expense WP 104756) in the amount of \$1,179,000.

On September 11, 2012, the Port Commission authorized Airline Realignment Tenant Improvements (Expense) Regulated Materials Management for Zone 2 Ticket Counter and Offices and Tenant Relocation in the amount of \$730,000.

On July 10, 2012, the Port Commission authorized Airline Realignment Tenant Improvements in the amount of \$4,243,400 to advertise and execute a construction contract and use of Port Crews for Airline Tenant Improvements – Airline Realignment.

On July 10, 2012, the Port Commission authorized CUSE construction at ticket counters and gates, and seating in the amount of \$1,887,000.

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On April 24, 2012, the Port Commission authorized Airline Realignment Tenant Improvements in the amount of \$225,000 for regulated materials management.

On April 10, 2012, the Port Commission authorized additional budget to enter into a construction contract for airfield improvements including Exterior Gate Improvements – Airline Realignment (C800472).

On March 27, 2012, the Port Commission authorized design and construction of gate B1 and B11 jet bridges as elements of Passenger Loading Bridge Replacement Project- Airline Realignment (C800467) in the amount of \$1,570,000.

On January 24, 2012, the Port Commission received a briefing on the Airport Realignment Program.

On January 24, 2012, the Port Commission authorized construction of Exterior Gate Improvements – Airline Realignment (C800472) in the amount of \$2,613,000.

On January 24, 2012, the Port Commission authorized design for CUSE at Ticket Counter/Gates & Seating (C800473) in the amount of \$484,000.

On December 6, 2011, the Port Commission authorized construction of Baggage Handling System (BHS) Improvements – C22 BHS Connection to C1/C1-MK1 Replacement (C800382) at the Airport in the amount of \$3,604,000.

On December 6, 2011, the Port Commission authorized design of the Miscellaneous Building Improvements – Airline Realignment (C800475) at the Airport in the amount of \$1,721,000.

On December 6, 2011, the Port Commission authorized design of the Airline Tenant Improvements – Airline Realignment (expense) at the Airport in the amount of \$3,776,000.

On November 22, 2011, the Port Commission was provided with a verbal preliminary briefing of December 6, 2011, items with a diagram.

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.

On September 12, 2011, the Port Commission received a summary briefing on the Airport Realignment Program at the Airport.

On June 14, 2011, the Port Commission authorized design of the Exterior Gate Improvements – Airline Realignment project (C800472) at the Airport in the amount of \$499,000.

On June 14, 2011, the Port Commission authorized design of the Airport Signage – Airline Realignment project (C800474) at the Airport in the amount of \$238,000.

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.

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On February 22, 2011, the Port Commission authorized the first phase of the Passenger Loading Bridge Replacement – Airline Realignment Project (C800467) including design, purchase, and execution to replace, refurbish and relocate PLBs at Concourse D.

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 January 25, 2011, the Port Commission was briefed on several projects that are part of the overall airline realignment program and which required a single Commission authorization in order to meet the realignment schedule. The first part of the realignment program was authorized by the Commission on this date under the Concourse D Common Use Expansion Project (C800455).

On September 28, 2010, the Port Commission was given a summary briefing of the upcoming 2011 capital improvement plan that included the airline realignment program elements.

On July 9, 2010, the Port Commission was notified that the CEO would enter into a 5 year sole source contract with JBT AeroTech for the procurement of PLBs and PLB components.

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.