

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

**COMMISSION AGENDA**

**Item No.** 5g

**ACTION ITEM**

**Date of Meeting** December 11, 2012

**DATE:** December 3, 2012

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

**FROM:** Wayne Grotheer, Director, Aviation Project Management Group  
Tina Soike, Senior Manager, Airport Operations

**SUBJECT:** Airline Realignment Miscellaneous Building Improvements-Airline Realignment  
(CIP #C800475)

**Amount of This Request:** \$0

**Source of Funds:** Airport Development Fund

**Est. State and Local Taxes:** \$94,000

**Est. Jobs Created:** 15

**Est. Total Project Cost:** 2,722,000

**ACTION REQUESTED:**

Request Commission authorization for the Chief Executive Officer to (1) reduce the scope of the Miscellaneous Building Improvements project that is part of the Airline Realignment program at Seattle-Tacoma International Airport; (2) execute a contract estimated at \$220,000 for purchase of equipment; and (3) use Port crews for project construction. No additional funding is requested with this authorization.

**SYNOPSIS:**

The work planned under this authorization represents the next phase in a time-critical sequence supporting the broader airline realignment effort while also providing improved operational flexibility and efficiency at the Airport.

This project is part of the one-time realignment of air carrier operations that will occur in 2013. This authorization is necessary due to a change in scope since the December 6, 2011, authorization. Concourse A is not currently equipped to provide accessible passenger loading onto the small regional aircraft of United Express and Air Canada/Jazz, so a new exterior covered passenger ramp will be needed at that location. During the design process, the planned gate assignment for the United Airlines regional aircraft was changed from Gates A13/14 to Gate A6. Additionally, the scope was reduced from a fully enclosed architectural ramp, stairs, or elevator to a pre-fabricated covered ramp to be assembled on-site by Port crews and small works contractors. The contract to purchase pre-fabricated covered ramp equipment is estimated to be approximately \$220,000. These scope changes were made in order to reduce construction costs for the project, and the changes are supported by United Airlines. The project also includes other miscellaneous capital improvements that are part of the airline realignment program. This project was included in the 2013 – 2017 capital budget and plan of finance. Authorization in the amount of \$1,721,000 was previously granted for the project and no additional funding is being

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requested at this time. As a result of the change in scope, the total project budget has been reduced by \$5.2 million.

### **BACKGROUND:**

With ongoing airline consolidation interests and a goal to maximize utilization of existing facilities, the Airport is exercising the One-Time Reallocation provision in the current Signatory Lease & 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 their new locations.

This project includes other miscellaneous capital improvements in the Airport terminal associated with Airline Realignment. At present that includes upgrades to the air ventilation ductwork for the new ticket offices for three relocated airlines.

### **PROJECT JUSTIFICATION:**

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

- Accommodate the airline relocations by providing miscellaneous building improvements throughout the Airport terminal.
- Provide accessible boarding between the concourse level and the regional aircraft ground boarding at Gate A6.
- Provide safer access to the ground level by providing a weather-protected, sloped walkway.
- Improve customer service and safety by providing new vertical circulation between the concourse and ground level for access to/from regional aircraft.

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

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

This project will provide an exterior passenger boarding ramp that is compliant with the Americans with Disabilities Act (ADA) at Gate A6 on Concourse A as part of the Airline Realignment program.

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

Design Start	January 2012
Design Complete	January 2013
Commission Authorization to Execute Purchase Contract	December 2012
Pre-fabricated Ramp Delivered to Airport	April 2013
Construction/Ramp Assembly Start	April 2013
Construction/Ramp Assembly Complete	May 2013

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### **FINANCIAL IMPLICATIONS:**

<b><i>Budget/Authorization Summary:</i></b>	Capital	Expense	Total Project
Original Budget	\$7,922,000	\$0	\$7,922,000
Budget (Decrease)	-\$5,165,000	\$0	-\$5,165,000
Budget Transfers	-\$35,000	\$0	-\$35,000
Revised Budget	\$2,722,000	\$0	\$2,722,000
Previous Authorizations	\$1,721,000	\$0	\$1,721,000
Authorization Transfers	-\$160,000	\$0	-\$160,000
Current Authorizations	\$1,561,000	\$0	\$1,561,000
Current request for authorization	\$0	\$0	\$0
Total Authorizations, including this request	\$1,561,000	\$0	\$1,561,000
Remaining budget to be authorized	\$1,161,000	\$0	\$1,161,000
Total Estimated Project Cost	\$2,722,000	\$0	\$2,722,000

<b><i>Project Cost Breakdown:</i></b>	Total Project
Construction	\$988,000
Construction Management	\$0
Design	\$290,000
Project Management	\$171,000
Permitting	\$18,000
State & Local Taxes (estimated)	\$94,000
Sub-total	\$1,561,000
Future Projects*	\$1,161,000
Total	\$2,722,000

\*The "Future Projects" cost item includes cost breakdown items such as additional state and local taxes that have not been fully defined at this time.

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

This project is included in the 2013-2017 Capital Budget and Plan of Finance within CIP #C800475, Miscellaneous Building Improvements-Airline Realignment. The budget was decreased due to a combination of transfer of budget and authorization for the relocation of Virgin America's ticket counter and office, to the Convert Ticket Zone 3 Flow Thru (CIP #C800492) project, and to recognize anticipated cost savings. The funding source will be the Airport Development Fund.

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

<b>CIP Category</b>	New/Enhancement
<b>Project Type</b>	Renewal & Replacement
<b>Risk adjusted discount rate</b>	N/A
<b>Key risk factors</b>	N/A
<b>Project cost for analysis</b>	\$1,561,000 (Based on current authorization)
<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 \$.01 in 2014, but no change to business plan forecast as this project was included.

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

There will be a minor increase in staff costs to maintain the ramp equipment and new access control card reader at the ramp, but the annual operating and maintenance costs are not forecasted to change appreciably.

### **STRATEGIC OBJECTIVES:**

The project supports the Port's Century Agenda objective of meeting the region's air transportation needs at Sea-Tac Airport for the next 25 years, by providing flexibility of the existing airport facilities. It supports the airline realignment program, which benefits our passengers and airline partners.

### **ENVIRONMENTAL SUSTAINABILITY:**

This project demonstrates environmental sustainability by improving existing Port assets and better utilizing existing resources. Realignment will allow more effective use of terminal facilities, and this enables efficient operation for airlines at new locations. More sustainable operations of the Airport are expected to generate lower lifecycle costs of the needed investments.

### **BUSINESS PLAN OBJECTIVES:**

The Airport business plan notes that a strategic goal is to operate a world-class international airport by meeting the needs of our tenants, passengers, and the region's economy. This project facilitates airline relocations to different gates and ticket counters and meets the needs of our tenants, passengers, and the region's economy.

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

Alternative 1 (Do nothing): This alternative would preclude the realignment program as jointly recommended by the Airline Airport Affairs Committee and the Aviation Division. This alternative is not recommended.

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Alternative 2: Provide a custom-designed, fully-enclosed architectural ramp or elevator. This alternative would cost significantly more and would limit flexibility for future aircraft gate assignments. This alternative is not recommended.

Alternative 3: Provide miscellaneous building improvements at the Airport terminal to support the airline realignment program. Work consists of a pre-fabricated passenger accessible loading ramp to board planes at Gate A6 and other miscellaneous capital improvements. **This is the recommended alternative.**

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

None.

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

On September 11, 2012, the 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 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 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 Commission authorized CUSE construction at ticket counters and gates, and seating in the amount of \$1,887,000.

On June 26, 2012, the Commission was provided an update briefing with the NorthSTAR budget restructuring.

On June 26, 2012, the Commission authorized additional budget of \$400,000 to add two fuel pits (C800472).

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

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

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

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

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

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

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 Seattle-Tacoma International Airport.

On June 14, 2011, the Port Commission authorized design of the Exterior Gate Improvements-Airline Realignment project (C800472) at Seattle-Tacoma International 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 Seattle-Tacoma International 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.

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 February 22, 2011, the Port Commission authorized design and some construction for the Passenger Loading Bridge Replacement Project - Airline Realignment (C800467) in the amount of \$6,700,000.

On January 25, 2011, the Port Commission was given an overview of the airline realignment and authorized design and construction of the Concourse D Common Use Expansion Project (C800455) in the amount of \$4,250,000. Commission was also briefed on the Airline Realignment Program as part of this item.

On September 28, 2010, the Port Commission was given a summary briefing of the upcoming 201 capital improvement plan that included the airline realignment program elements.

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.