

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

**COMMISSION AGENDA**

**Item No.** 5c

**ACTION ITEM**

**Date of Meeting** July 24, 2012

**DATE:** July 13, 2012

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

**FROM:** Nick Harrison, Senior Manager, Airport Operations  
Wayne Grotheer, Director, Aviation Project Management Group

**SUBJECT:** Short Term Federal Inspection Services (FIS) Improvements project at Seattle-Tacoma International Airport (CIP #C800426)

**Amount of This Request:** \$284,000      **Source of Funds:** Airport Development Funds

**Est. State and Local Taxes:** \$46,800

**Est. Total Project Cost:** \$1,041,000

**ACTION REQUESTED:**

Request authorization for the Chief Executive Officer to design the Federal Inspection Services Short-Term Improvements project in an amount not to exceed \$284,000 out of a total estimated project cost of \$1,041,000.

**SYNOPSIS:**

The Airport's existing FIS facility is extremely congested at peak travel times, forcing our arriving international passengers to wait longer before they are allowed to pass through passport control. The large volume of passengers and confusing signs and path of travel further decreases efficient throughput. This project seeks to make the least expensive, minimally necessary changes in the international corridor and FIS facility to improve conditions and throughput while the Port and its airline partners plan a more permanent solution. The goals of these improvements are to create a more comfortable waiting experience for arriving passengers in the international corridor and to increase throughput from the international corridor to passport control and ultimately out to connecting flights or local Seattle destinations. These short-term improvements focus on minor changes with immediate benefit.

This project was included in the 2012 – 2016 capital budget and plan of finance with a budget of \$31.7 million. The scope of the project has been greatly reduced since staff now anticipates the need to build a new FIS facility sooner than previous plans contemplated.

**BACKGROUND:**

FIS for international arrivals at the Airport is located in an aging South Satellite facility originally designed for the level of inspections and passenger flows that existed in the early 1970s; the facility has not been significantly updated since. Today, international air service into the Airport continues to grow in both passenger volume and route service. Up to half of the

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

July 13, 2012

Page 2 of 5

Airport's international flights arrive during the highly congested peak period between 11:00 a.m. and 2:00 p.m., with a total of eight wide-body flights during this period.

International flight activity is forecasted to further increase during this peak period and the FIS will be unable to accommodate the increased loads. In 2011, 56 flights had to hold passengers, on board the arriving aircraft or in the international corridor area, immediately after disembarking. This caused delays ranging from 5 to 30 minutes before they were allowed to enter the FIS passport control area. Half of these held flights arrived during the hot months of August and September. Passengers from 39 of these flights were held in the international corridor of the South Satellite, but 17 were held on-board aircraft in uncomfortably warm conditions because of space limitations in the corridor. Some of these on-board holds ultimately caused delays to departing international flights. In all cases, holding passengers causes a major inconvenience for travelers anxious to disembark after a flight that may be nine or ten hours in duration. Holding can also cause passengers to miss their connecting domestic flight out of Sea-Tac. Airport Operations expects that hold-on-board times will increase due to new daily service of Emirates Airlines and All Nippon Airways, as well as increased frequency of Hainan flights in 2012.

Preliminary planning for development of a new FIS facility has begun, but some minor improvements to the existing FIS facility are necessary now to improve processing speeds and create a more comfortable environment to hold passengers in the international corridor during peak periods or irregular operations that exceed current throughput of FIS passenger processing.

### **PROJECT JUSTIFICATION:**

A new, modern FIS facility is still several years away so the Port must improve the existing facility now to extend its useful life until the new facility is built. At this time, our airline partners do not support a multimillion dollar "mid-term" improvements package for the existing facility, as the Port had proposed in late 2011, so the Port has refocused the scope of short-term improvements to only minor improvements in the FIS.

Currently the international corridor has portable stanchions to queue and separate passengers prior to the passport control entrance. This project replaces them with fixed stanchions that eliminate the need for daily adjustments, hunting down missing stanchions, or purchase of replacement stanchions. These new fixed stanchions will be complemented with seating or leaning rails in the international corridor for passengers to rest as they wait to be cleared to enter the passport control area.

Additionally, as we continue to hold passengers from multiple flights simultaneously, new dynamic signs and a new public address system are needed for more effective communication to waiting passengers. This will help maintain an orderly flow and improve throughput in the facility. The old and broken public address system, currently only functional in passport control, needs to be replaced and expanded to the international corridor. Improved dynamic signs in the international corridor and the baggage claim level FIS exit, plus installation of new partial-height guide walls at the exit to the satellite transit system station will reduce confusion and increase throughput for passengers as they make the decision to exit to bag claim or to connect to their next flight.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

July 13, 2012

Page 3 of 5

This project will also reposition the existing three Global Entry passport control kiosks to a more effective, centralized location and install three additional new kiosks for a total of six. These quick-processing kiosks are anticipated to increase throughput from passport control to bag claim, thus ultimately decreasing the hold-on-board and wait times for passengers in the international corridor.

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

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

Perform minor facility improvements at the FIS international corridor, passport control and baggage claim levels of the South Satellite to include the following:

- Installation of fixed-to-floor stanchions throughout the international corridor;
- Installation of a new public address system in the international corridor and an upgrade of the existing public address system in the passport control area;
- Installation of electronic wayfinding signage in the international corridor and secondary inspections area;
- Addition of minimal seating or a leaning rail in the international corridor for waiting passengers;
- Improvements to wayfinding and passenger traffic control at the secondary inspections exit to the TSA checkpoint; and
- Relocation of three Global Entry kiosks and installation of an additional three for a total of six kiosks.

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

Begin Design            3rd Qtr 2012

Begin Construction    1st Qtr 2013

Project Completion    3rd Qtr 2013

### **FINANCIAL IMPLICATIONS:**

<b><i>Budget/Authorization Summary:</i></b>	Capital	Expense	Total Project
Original Budget	\$31,700,000	\$0	\$31,700,000
Budget Decrease	(\$30,659,000)	\$0	(\$30,659,000)
Revised Budget	\$1,041,000	\$0	\$1,041,000
Previous Authorizations	\$475,000	\$0	\$475,000
Current request for authorization	\$284,000	\$0	\$284,000
Total Authorizations, including this request	\$759,000	\$0	\$759,000
Remaining budget to be authorized	\$282,000	\$0	\$282,000
Total Estimated Project Cost	\$1,041,000	\$0	\$1,041,000

<b><i>Project Cost Breakdown:</i></b>	This Request	Total Project
Construction	\$0	\$572,400
Construction Management	\$74,450	\$148,900
Design	\$150,000	\$150,000
Project Management	\$56,680	\$113,330

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

July 13, 2012

Page 4 of 5

Permitting	\$2,870	\$5,720
State & Local Taxes (estimated)	\$0	\$46,800
Public Art	\$0	\$3,850
Total	\$284,000	\$1,041,000

The budget and scope as originally planned included a number of construction elements aimed at increasing the capacity of the existing FIS facility to put off as long as possible the need for a new or expanded FIS facility. At the time, it was also assumed that the most likely approach would be to expand the existing FIS facility. Presently, the need for a new facility is more urgent, and there is a greater likelihood that the preferred alternative will be a new FIS facility. Thus, investing \$31.7 million in the existing facility did not seem prudent.

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

The Short Term Federal Inspection Services (FIS) Improvements project was included in the 2012-2016 capital budget and plan of finance (CIP #C800426) with a budget of \$31,700,000. The budget reduction of \$10,600,000 has been transferred to Aeronautical New Projects (C102165) and \$20,059,000 to Aeronautical Renewal/Replace (C102166). The funding source will be the Airport Development Fund.

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

<b>CIP Category</b>	Interior Improvement
<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>	\$1,041,000
<b>Business Unit (BU)</b>	Terminal
<b>Effect on business performance</b>	NOI after depreciation
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	\$0.01 CPE in 2013, this project was included in the capital budget and plan of finance.

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

The improvements will be amortized over a relatively short period (approximately five years) reflecting the planning assumption that a new FIS facility will be built. The improvements will not result in any significant changes to ongoing maintenance costs.

### **STRATEGIC OBJECTIVES:**

This project promotes the Port's strategic objectives to "Ensure Airport and Seaport Vitality" and "Be a Catalyst for Regional Transportation Solutions by providing our international arrival passengers with a more comfortable and efficient FIS facility. Additional seating, new public address systems, additional Global Entry kiosks and improved wayfinding all improve conditions and throughput for international arrivals.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

July 13, 2012

Page 5 of 5

### **ENVIRONMENTAL SUSTAINABILITY:**

This project will foster environmental stability by maximizing use of the existing Port FIS asset and will utilize low energy demand electronics equipment where feasible and available.

### **BUSINESS PLAN OBJECTIVES:**

The minor improvements included in this project fit the Airport's business plan objective to operate a world-class international airport by anticipating and meeting the needs of our tenants and passengers that use the FIS facility.

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

This project makes a small investment in improvements to an existing Port asset that will improve throughput in the FIS and improve the passenger experience for international arrivals. The small scale of this project makes little to no impact on the environment.

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

Alternative 1. Immediately invest \$400 million or more in a long-term FIS solution, as identified in a recent FIS planning study. Although this is the ultimate, more permanent solution to the Airport's FIS needs, a project of this scale would not be completed for a minimum of five years and therefore does not provide the short-term solutions offered by this project.

Alternative 2. Invest \$37 million or more in a mid-term solution that addresses significant baggage carousel capacity, major queuing revisions and associated Customs and Border Protection office reconfigurations. The airlines have strongly indicated they are not in favor of supporting this investment at this time.

Alternative 3. Invest a relatively modest amount to complete short-term improvements that improve communication and wayfinding, reduce uncontrolled congestion, and improve the comfort level for international passengers arriving at the congested peak times. **This is the recommended alternative.**

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

- None.

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

- January 25, 2011, Port Commission authorized \$475,000 for planning and pre-design work and execution of a design contract for the FIS Mid-Term Improvements Phase 1 (CIP #C800426) at Seattle-Tacoma International Airport.
- February 2, 2010, Port Commission received a staff briefing on South Satellite passenger growth and facility considerations, Delta's proposed airline lounge, and other possible future Aviation projects.