

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No. 7c
Date of Meeting March 24, 2015

DATE: March 11, 2015
TO: Ted Fick, Chief Executive Officer
FROM: Mike Ehl, Director, Airport Operations
Elizabeth Leavitt, Director, Aviation Planning and Environmental
SUBJECT: Briefing on Sea-Tac Air Cargo as Part of the Sustainable Airport Master Plan

SYNOPSIS

This briefing provides an overview of on-airport cargo activity, operations and facilities, as well as planning for future cargo facilities development as part of the airport's Sustainable Airport Master Plan (SAMP). Air cargo at Sea-Tac is enjoying dramatic growth as well as fundamental change. Air cargo tonnage grew faster in 2014 than in any year since 1991. Total cargo volumes reached levels last seen in 2007 (the beginning of the economic downturn) and international volumes, with their basis in foreign trade, reached an all-time high last year. In addition, 2014 saw a significant gain in the frequency of the largest of air freighters calling at the airport, nearly all of them on international routes. International trade by air through Sea-Tac in 2014 reached a value in excess of \$13.5 billion, bringing significant economic impact to the region as measured in related jobs, income and taxes that come with that level of employment.

Efficient airport cargo facilities with adequate capacity are critical to sustaining and growing the air cargo business and achieving the Port Commission's Century Agenda goals on behalf of regional businesses and employment. Two ramp area freighter hardstand expansion projects designed to facilitate growth are nearly complete, having begun in 2014. The airport's cargo building inventory comprises an inefficient layout and dated condition that hinders its ability to fulfill the Port's economic mission to support growing trade. The Sustainable Airport Master Plan (SAMP) will provide a facilities plan to guide cohesive development both in the near- and long-term.

With the draft airport activity forecast complete, the SAMP team developed and assessed several terminal expansion concepts to meet long-term gate requirements. Most recently, options for providing reconfigured and modernized cargo facilities have been developed to address long-term cargo demand and fit within the overall terminal expansion concepts. A few of the better preliminary terminal concepts were presented to the Commission in January of 2015. One option for redevelopment of cargo facilities in the north cargo area is presented in this briefing. Over the next several months, the SAMP team will further assess the terminal expansion options and develop a phased plan for implementation of the entire SAMP capital program. Maintaining adequate cargo hardstand and warehouse capacity throughout phasing will be a considerable challenge.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

March 11, 2015

Page 2 of 3

BACKGROUND

In September 2012, the Port Commission approved scope and budget of \$6,000,000 for the creation of a Sustainable Airport Master Plan (SAMP). In October of 2014, staff briefed the Commission on preliminary forecast results and an assessment of the challenges associated with planning to accommodate forecast activity. In January 2015, staff provided the Commission with an update on SAMP terminal and landside facilities planning. The planning team is currently working with the FAA to gain approval of the forecast which is consistent with the FAA 2014 Terminal Area Forecast (TAF) and “differs by less than 10 percent in the 5-year forecast period, and 15 percent in the 10-year forecast period”, as stipulated in the FAA forecast guidance. The SAMP team is using the draft forecast to analyze facility requirements and evaluate development alternatives in an iterative process.

The master plan process provides an opportunity to take a comprehensive assessment of facilities capacity and forecasted demand over 5-, 10-, and 20-year timeframes. Airport master plans are typically prepared approximately every 10 years. The last formal master plan for Sea-Tac was developed in the mid-1990s and was focused primarily on the third runway. Cargo activity, while at a total level last seen in 2007 and before that in 1990, is fundamentally a different type of operation than in years past, in terms of the type of cargo transported through Sea-Tac, the larger size of freighter aircraft now calling at Sea-Tac, and the more consolidated nature of cargo handling, requiring significantly changed facilities to facilitate future growth.

The primary objective of an airport master plan is to provide a roadmap for the phased redevelopment/expansion of facilities; maintaining a balance of capacity in all key functional areas. Terminal and landside facilities are generally balanced to the fixed capacity of the airfield. The airport's ability to accommodate growing cargo demand is ultimately constrained by hardstand and warehouse capacity, and not the airfield. Planning for cargo facilities is therefore focused on maintaining a balance of capacity between cargo hardstands, warehouse and truck areas; taking advantage of space not required by higher priority terminal and landside functions. Overall airport system capacity is limited by functional areas with the least capacity. Through alternatives development and evaluation, the SAMP will culminate in a capital improvement program and plan of finance that will deliver cost effective projects to remove capacity pinch points, increase efficiency and provide a high level of service to airport customers, both passenger and cargo related.

ATTACHMENTS TO THIS BRIEFING

- PowerPoint presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- January 13, 2015 - Commission Briefing: Sustainable Airport Master Plan (SAMP) Planning Update
- October 7, 2014 - Commission Briefing: Sustainable Airport Master Plan (SAMP) Forecast and Facilities Challenges

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

March 11, 2015

Page 3 of 3

- February 28, 2014 - Commission authorization to amend the existing Sustainable Airport Master Plan (SAMP) service agreement with Leigh Fisher Associates for IAF-related planning tasks for an increase of \$3,650,000 and a new total contract amount of \$9,650,000.
- September 5, 2012 - Commission authorization for SAMP development and to advertise and execute a contract for consulting services for the SAMP, with a total estimated value of \$6 million.
- August 14, 2012 - Commission deferred consideration of a request to approve funding for the Sustainable Airport Master Plan (SAMP).
- June 26, 2012 - Commission Briefing: Terminal Development Challenges.