



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8g

ACTION ITEM

Date of Meeting December 14, 2021

DATE: November 19, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Wayne Grotheer, Director, Aviation Project Management Group
Laurel Dunphy, Director, Airport Operations

SUBJECT: Zone 2 Ticket Counter Common Use Conversion Project (CIP#C801118)

Amount of this request: \$1,870,000

Total estimated project cost: \$2,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) proceed with design and construction of the Zone 2 Ticket Counter Common Use Conversion project at Seattle-Tacoma International Airport, (2) Use Port crews for construction. The amount requested is \$1,870,000 for a total project budget of \$2,000,000.

EXECUTIVE SUMMARY

Seattle-Tacoma International Airport (Airport) has divided its ticket counter positions into zones, numbered 1 through 7 from south to north. The zones are divided by “breezeway” corridors to allow passenger traffic to proceed to the security checkpoints and rest of the Airport. This project will replace 6 existing double ticket counter positions, currently being returned to the Port into common use ticket counter positions in Zone 2 for use by multiple airlines to accommodate demand. Common use self-service kiosks will also be moved into the lobby to supplement existing kiosks to allow for passenger self-check-in. An overhead dynamic digital sign will also be installed in the Zone 2 lobby like the existing overhead dynamic signage in adjacent zones. Construction efforts will utilize a combination of small works contracts and Port resources.

JUSTIFICATION

As international routes serving the Airport market increase, there is additional demand for ticket counter capacity. Check in lobby space is now the airport’s biggest constraint to improving levels of customer service. In January 2021, the Airport added Qatar Airways, in November added WestJet Airlines, and for 2022 are planning for new service from Turkish Airlines. Turkish Airlines will have to operate under reduced ticket counter capacity until this project can provide relief. Any delays to this work could impact additional new service being considered for summer 2022.

Meeting Date: December 14, 2021

This project will improve the efficient use of space to accommodate growth at SEA by replacing underutilized airline specific ticket counters with common use counters. This will provide flexibility for use by any airline and create a consistent look throughout the ticket counter zones. This project supports the Aviation Division strategy to maximize the utilization and efficiency of limited ticket counter space.

Diversity in Contracting

For the design portion of this project, the Port will be leveraging an existing IDIQ which has a fifteen percent (15%) WMBE goal. For construction the Port will be partnering with Port Construction Services for small works contracts associated with this project. This will be a good opportunity for WMBE firms to bid and serve as prime contractors given the size and scope of work. The project team along with Diversity in Contracting department will outreach and support WMBE firms as opportunities become available.

DETAILS

Scope of Work

- (1) Reuse existing casework both in place and moved from other locations at SEA. This may include altering or replacing components as required to make functional and code compliant.
- (2) Purchase and install new common use equipment, overhead monitors, and scales necessary to make the ticket counters fully functional.
- (3) Relocate common use self-service kiosks from elsewhere and upgrade as necessary.
- (4) Install new magnetic queuing stanchions.
- (5) Install one (1) new overhead dynamic digital sign.

Schedule

Activity

Design start	2021 Quarter 4
Construction start	2022 Quarter 1
In-use date for ticket counters	2022 Quarter 2
In-use date for overhead dynamic sign	2022 Quarter 4

Cost Breakdown

	This Request	Total Project
Design	\$470,000	\$600,000
Construction	\$1,400,000	\$1,400,000
Total	\$1,870,000	\$2,000,000

Meeting Date: December 14, 2021

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not proceed with this project.

Cost Implications: \$130,000 (Amount expended to date)

Pros:

- (1) There would be no capital costs associated with this alternative.

Cons:

- (1) Ticket counter demand will be greater than the ticket counter capacity resulting in a negative impact to operations and customer service.
- (2) The ability to accommodate new airline entrants would be limited.

This is not the recommended alternative.

Alternative 2 – Convert Airline specific ticket Counter Positions to Common Use elsewhere within the Airport.

Cost Implications: While a specific cost estimate has not been prepared, costs would likely be higher due to greater scope among other factors.

Pros:

- (1) May be able to utilize other airline specific ticket counters during underutilized in off-peak times.

Cons:

- (1) Requires lease renegotiation with airlines. Airlines would need to agree to the change and give back space to the Airport which is unlikely.
- (2) Timing is not conducive to meet current operational demand.

This is not the recommended alternative.

Alternative 3 – Convert airline specific ticket counter positions to common use in Zone 2 to accommodate current and projected demand. Install common use self-service kiosks. Add overhead digital sign.

Cost Implications: \$2,000,000

Pros:

- (1) Accommodates new or existing carriers at the lowest possible cost.
- (2) Reclaims under-utilized ticket counter capacity.
- (3) Continues use of digital signage in the ticket lobby consistent with other lobby zones.
- (4) Additional kiosks help to grow common use at Sea-Tac and allow for a streamlined and flexible check-in option for passengers.
- (5) Re-utilizing existing casework is sustainable and reduces budget and schedule.

Meeting Date: December 14, 2021

Cons:

- (1) Existing casework will require effort to repair wear and tear from previous use.
- (2) Existing casework will have slight differences as they were manufactured at different times by different projects.
- (3) Completing this project now will require the use of existing casework standards and may not match forthcoming future casework standards.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$1,700,000	\$0	\$1,700,000
Previous changes – net	\$224,000	\$76,000	\$300,000
Revised estimate	\$1,924,000	\$76,000	\$2,000,000
AUTHORIZATION			
Previous authorizations	\$130,000	\$0	\$130,000
Current request for authorization	\$1,794,000	\$76,000	\$1,870,000
Total authorizations, including this request	\$1,924,000	\$76,000	\$2,000,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

This project, CIP C801118, was included in the 2022-2026 capital budget and plan of finance with a budget of \$2,096,000. The budget decrease of \$172,000 is transferred to the Aeronautical Reserve CIP (C800753) resulting in zero net change to the Aviation capital budget. The funding source would be revenue bonds.

Financial Analysis and Summary

Project cost for analysis	\$2,000,000
Business Unit (BU)	Terminal Building
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base
IRR/NPV (if relevant)	N/A
CPE Impact	\$.01 in 2023

Future Revenues and Expenses (Total cost of ownership)

This project is anticipated not to impact annual operating and maintenance (O&M) costs at this time. However, additional information will be provided during design.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None