



**AGENDA MEMORANDUM**

**Item No.**

8c

**ACTION ITEM**

**Date of Meeting**

April 10, 2018

**DATE:** March 23, 2018

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Stephanie Jones Stebbins, Managing Director Maritime Division  
Michael McLaughlin, Director Cruise Operations

**SUBJECT:** Cruise Luggage Valet Program – 2018 Cruise Season

**Amount of this request:** \$900,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to enter into contract to provide cruise passengers Onboard Airline Check-in (“OAC”) and Airline Baggage handling, screening, and storage services for participating carriers at Seattle-Tacoma International Airport for the 2018 cruise season. The estimated cost of this program for 2018 is up to \$900,000. The charges will be based on actual services rendered. The port will pay a per-passenger-fee for only those passengers that sign up for the service.

**EXECUTIVE SUMMARY**

This courtesy service offers cruise passengers exceptional customer service freeing them of their luggage while transiting between the cruise terminals and the airport. Port Valet allows cruise passengers to place their luggage outside their cabin door the night before disembarking their cruise ship in Seattle. Their luggage is then off loaded from the ship and delivered directly to Sea-Tac via truck for security screening and inducted into the baggage system. The guest retrieves their luggage at their final destination airport. Guests participating in the service also receive their boarding pass onboard the cruise ship. Without their luggage, these guests can easily enjoy area attractions, restaurants, and retail opportunities prior to making their way to the Airport.

This program will reduce congestion at the cruise terminal, improve efficiencies at Customs and Border Protection clearance, and reduce wait times in the ground transportation lot. For passengers with flight times that require them to travel directly to the airport, this program will free them of their luggage while walking from the bus drop off at the Airport's North East Ground Transportation Lot. In addition, having passengers arrive at the airport without their luggage and with their boarding pass lessens wait times for elevators, reduces congestion in the ticketing area, and reduces wait time for other passengers at airport check in counters. The program also reduces congestion on the baggage system during peak times.

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**JUSTIFICATION**

The Port Valet service, in partnership with Bags Inc., will offer luggage service, including airline boarding passes, to passengers flying all major airlines.

The service provides a competitive advantage for Seattle as a cruise homeport by offering a one-of-a-kind customer service that transforms cruise passengers into tourists who can readily contribute to the local economy. By allowing guests to disembark without their luggage and with their boarding pass in hand, they are easily able to enjoy the city before heading to the Airport.

Last season, more than 63k passengers participated in the Port Valet program, carrying over 71k bags through the summer season. An estimated 23k cruise passengers stopped and spent time in the Seattle area before going to Sea-Tac Airport and spent an estimate of \$4million in the Seattle area. More than 3k passengers participated in the Port Valet program each week from June through August, with more than 4k bags checked each week.

The port, cruise lines and airlines have worked with Bags, Inc. over the past winter on ways to improve the system and streamline the process onboard the cruise ship and at the airport. With these changes and effective promotion, the 2018 luggage valet program could easily serve many more passengers.

**DETAILS**

Bags Inc. has proprietary software and special permissions from Customs and Border Protection and the Transportation Security Administration to offer this service. There is a CPO-(5) Policy Waiver effective for 5 years starting March of 2017.

Bags Inc. has an offsite location near the airport where luggage is retagged and sorted according to flight times, then brought to the Airport in a metered fashion. This streamlined process removes congestion of operations at both the cruise terminal and the airport.

***Scope of Work***

Following approval, staff would complete all necessary steps to have the program in place by the start of the 2018 cruise season. The first ship call with disembarking passengers eligible to receive this service is May 05, 2018.

- (1) Complete negotiations and execute service contract with Bags Incorporated.
- (2) Complete development of and kick-off promotional program for the courtesy luggage valet service.
- (3) Collaborate with all stakeholders for a successful launch of the program at start of 2018 cruise season.

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Discontinue the passenger check-in and luggage valet service.

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Cost Implications: \$0 to the Port, but customer experience would decline, and the local economy potentially would not benefit from cruise passengers touring the area after disembarking.

Pros:

(1) The cost would reduce below last year.

Cons:

- (1) Does not take advantage of momentum gained in 2017.
- (2) Congestion in the Airport and Cruise terminal is not reduced.
- (3) Tourism opportunity and growth in economic impact (spending and job creation) is lost.

This is not the recommended alternative.

**Alternative 2** – Provide the Bags Inc. valet service to cruise passengers.

Cost Implications: Program costs for service contract with Bags Inc. are estimated at:

Cost to Port of Seattle \$ 900,000

Pros:

- (1) Increases the customer experience for cruise passengers at the cruise terminal and at the airport.
- (2) Will reduce congestion in the cruise and airport terminals.
- (3) Will increase airport jobs.

Cons:

- (1) Increased cost of investment by the Port.
- (2) Not available to passengers with flights before 11:00 am or next day.

This is the recommended alternative.

**FINANCIAL IMPLICATIONS**

***Cost Estimate/Authorization Summary***

|   | Capital | Expense   | Total |
|---|---------|-----------|-------|
| <b>COST ESTIMATE</b>                                  |         |           |       |
| Estimated Service Contract Bags Inc. cost full season | \$0     | \$900,000 | \$0   |
| <b>AUTHORIZATION</b>                                  |         |           |       |
| Request for Authorization                             | 0       | \$900,000 | 0     |

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***Annual Budget Status and Source of Funds***

Funds approved in the 2018 budget. The expenses are budgeted to be split 60% Cruise / 40% Aviation for Onboard Airline Check-in (OAC) program only. The Cruise funding will be general fund and Aviation funding is Airport Development Fund.

**ATTACHMENTS TO THIS REQUEST**

None

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

February 27, 2018 – The Commission was briefed with a Cruise Overview

April 11, 2017 – The Commission authorized the Cruise Luggage Valet Program- 2017 Cruise Season