

New Flight

BY VERNON MAYS

Fundamental shifts in airline services have pressured airports to adopt new strategies in order to survive and thrive. The latest passenger terminals give them unprecedented flexibility to contend with change.

This article appeared originally in *Dialogue 17*. ©2009. Please see the current issue at dialogue.gensler.com.

For decades airline operations were a model of stability. But the industry turned topsy-turvy in 1971 when Southwest Airlines burst onto the scene as the first of a new breed of low-cost carriers (LCCs). This innovative way of doing business, coupled with the advent of smaller-capacity regional jets, gave smaller cities improved access to air travel. Airports reacted quickly to meet demands generated by the increased capacity and rapid turnaround of LCCs. Even bigger changes followed 9/11, when airports were forced to adopt dramatic new security regulations and screening protocols.

As the spotlight shifted from security improvements, new drivers of change emerged. After riding out the bankruptcies and restructurings of 2005–2007, airlines were beginning to show some profitability. Then fuel prices skyrocketed and demand for air travel plummeted. “All this uncertainty has led airports to take a new look at how they work with the airlines,” says Gensler’s Ron Steinert.

Low-cost carriers, by the nature of their operations, demand changes to aprons and taxi lanes to accommodate their fleets. (They usually fly only one type of plane—the Boeing 737, for example.) Their emphasis on Internet check-in means that ticket counters need to provide more places for bag drops and e-ticket kiosks. At the same time, the legacy carriers are cutting back their regional jet service and shifting aircraft and personnel to more profitable long-haul domestic and international routes. That’s leading airports to look for ways to turn unused domestic gates into “international swing” gates—and to develop or expand customs and border facilities.

Funding these capital improvements is a critical problem for airports, says Steinert. To tap potential sources of revenue,



Photo: Sherman Takata

Mineta San Jose International Airport Terminal B Concourse, San Jose, CA

they are moving away from residual funding, in which airlines sign long-term leases for exclusive rights to specific terminal gates. More typical now is compensatory funding. “It could be a five-year lease, a 30-day lease, or no lease at all,” Steinert explains. “It’s a pay-as-you-go philosophy—airlines pay for what they use when they use it and for as long as they use it.” While compensatory funding is financially riskier for airports, it gives them much more control of their facilities.

Adopting the Common-use Strategy

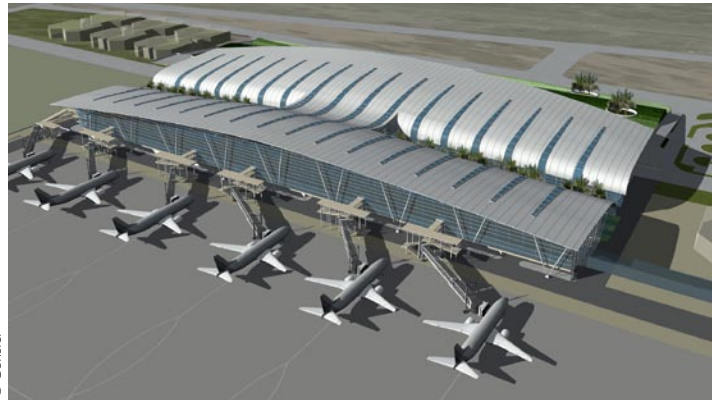
When an airport is unsure which airlines will serve its city, what’s known in the industry as the common-use strategy removes some of the uncertainty. The airport owns its gates, loading bridges, ticketing hall, and baggage claim facilities and assigns usage to a carrier when it needs them. A fully common-use terminal allows for a much smaller ticketing hall and fewer gates and baggage claim facilities, Steinert says. This means a smaller terminal, with lower construction costs. By paying less money for a terminal with much more flexibility, airport executives can use their fixed assets more efficiently. In the process, they gain new opportunities to improve passenger satisfaction and comfort.

Also, with the common-use business model, the funding of capital improvements will become less dependent on airline commitments and exclusive-use agreements. Already airports receive income from the Airports Improvement Program, a federal program supported by taxes on passenger tickets. In addition, airports will begin to rely more heavily on Passenger Facility Charges (PFC), especially if Congress enacts a pending authorization bill to increase the PFC from \$4.50 to \$7.00 per passenger.

This means that passengers figure more heavily now than the airlines do in financing airport capital improvements. As airlines continue to eliminate services, airports are stepping into the breach. “They’re offering their passengers a much broader range of amenities—even health and wellness facilities,” says Bill Hartman, leader of Gensler’s team for Detroit’s new North Terminal. “Airports with extensive airside concessions can be highly profitable,” adds Steinert. “They know they have to keep the flying public happy, because passengers have become such an important revenue stream.”

The Growing Impact of Technology

Technology is speeding the transition to common-use airports. It will also drive the look and feel of the next generation of terminals. Many airports have already seen the disappearance of airline branding permanently affixed to ticket counters and gates—replaced by electronic identification signs with airline



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International Terminal, Chennai, India

logos that change whenever a different airline is assigned to the counter. Steinert predicts that with the wide acceptance of e-ticketing, the ticketing hall as we know it today may disappear altogether.

Passengers can already print out their own boarding passes. “Baggage tags are next,” Steinert says. “The goal is to move that whole check-in process out of the airport. All you need is a Blackberry or mobile phone. Europe is doing this right now. It’s digital, so from the passenger’s standpoint, there’s no paper.” While technology speeds things up, “the aim is to let travelers move through airports at their own pace,” says Gensler’s Bill Hooper. Having an abundance of e-ticket kiosks and a single queue in front of the security checkpoint is important, he explains, because it lets business travelers quickly assess how fast things are moving. “If they need to step up the pace, they can do so.”

What the New Airports Will Look Like

Airports will look differently and operate differently as they are reconfigured from airline fortresses to passenger-focused service centers. The goal is easier access and speedier passenger flow through ticketing and security. They will also provide seamless baggage handling, more and better choices of food and beverages, and amenity-filled waiting areas that let today’s tech-savvy travelers be fully productive while they’re waiting.

What’s changing? Here’s a landside-to-airside preview:

Transit access: More and more people will arrive by train, not by cab, shuttle, or car. Connecting airports into the transit network is of growing interest to most cities, says Gensler’s Will Jenkinson. “That’s a prerequisite today for any city that claims to be world-class.” JetBlue Terminal 5 at JFK, SFO Terminal 2, and Mineta San Jose—all current Gensler projects—count transit access as a given.

Ticketing/baggage claim: Particularly in new airports without existing infrastructure, ticket halls will move to the lower level of the terminal. As that aspect of departure diminishes in importance, arrival will take its place as the celebrated event of travel. In turn, the baggage claim area will be moved to the upper level, with better exterior views, greater ceiling heights, and more comfortable spaces.

Security/airside: Streamlined passenger screening along with appropriately sized queuing space will provide centrally located facilities that minimize passenger inconvenience. These improvements already exist at the JetBlue Terminal at JFK, where 15 security lanes keep the traffic flowing (and five more can be added). Once screened, passengers will be greeted by spacious concessions and directed through clearly defined, easily negotiated concourses to their assigned gates. Passenger hold rooms will be contiguous, without physical separation, so seating for boarding passengers can easily expand or contract. Baggage handling will be faster and more secure. Gensler is currently retrofitting all eight terminals at Los Angeles International (LAX) with new baggage handling systems equipped with inline EDS (explosives detection system).

Aprons/aircraft gates: Each aircraft position will accept the complete range of anticipated aircraft, conceivably from a small regional jet to a jumbo aircraft. Adding multiple passenger-loading bridges will permit new aircraft parking positions without having to modify the terminal.

Sustainability: In addition to providing light-filled, healthy settings for their passengers, airports will seek to reduce their carbon footprint to pare operating costs. That's leading many of them to renovate and retrofit existing facilities, not just to replace them. "Most existing terminals are great candidates for renovation," Steinert says, noting current and recent Gensler projects in cities like Singapore and San Francisco. "Anytime you can reuse a building instead of replacing it, that's a sustainable act."

As these trends unfold, "terminals will be the engine of change," Hooper says. "As a building type, they have to accommodate an array of unknowns." The uncertainties of air travel mean that some cities are looking to the private sector to fund and operate their facilities. Lisbon's new airport is an example. "Our airport clients say that constant change is the rule. They don't want to be penalized for it."

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Photo: Nic Lehoux

JetBlue Terminal 5, JFK, New York, NY