

TEXT OF THE MOTION

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(1) The Commission hereby amends the principles of ADR Program redevelopment within the Statement of Policy Direction section of the Commission motion adopted November 25, 2014, to delete, in its entirety, the following principle:

5. Continuation of 'street pricing' of products and services

(2) The Commission hereby repeals, effective January 1, 2020, the temporary street pricing policy established by the Commission motion adopted November 24, 2015 (Port Commission Meeting Minutes dated November 24, 2015, Item 6.d).

(3) Amended Pricing Policy for ADR Concessionaires.

(a) The Commission hereby adopts and authorizes the Executive Director to implement an amended street pricing policy to allow concessionaires in the ADR Program to set prices at not more than ten percent (10%) above "street" prices for all products and services sold at the Airport ("Amended ADR Pricing Policy"); provided, that this Amended ADR Pricing Policy will only be extended to concessionaires if they offer:

1. Wages equal to or exceeding the minimum wage standards set forth in Chapter 7.45 of the City of SeaTac Municipal Code;
2. Payment of sick and safe time, which shall be accrued at the rate of one hour for every 40 hours worked;
3. Health insurance to full-time employees, consistent with the Affordable Care Act; and
4. Comply with any reasonable request from Port staff for verification of actual wages paid to the tenant's employees.

The above requirements (1.) through (4.) may be waived for employers with a bona fide collective bargaining agreement.

(b) The Executive Director is directed to begin implementation of this Amended ADR Pricing Policy, including review and processing of ADR Program concessionaire requests for approval of price adjustments based on the Amended ADR Pricing Policy.

1. Beginning on January 1, 2020, eligible ADR Program concessionaires may charge approved street pricing plus up to a maximum of ten percent (10%) under this Amended ADR Pricing Policy.

81 2. Until January 1, 2020, concessionaires shall continue to adhere to the current
82 street pricing policy established by the Commission motion adopted November
83 24, 2015 (Port Commission Meeting Minutes dated November 24, 2015, Item
84 6.d). Concessionaires who do not satisfy requirements (1.) through (4.)
85 identified in paragraph (a) above, as verified by the Port, shall be limited to
86 charging strict street pricing for their products and services commencing January
87 1, 2020.

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89 (c) The Executive Director is further authorized to take all such actions as necessary to
90 implement the Amended ADR Pricing Policy described herein, including:

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- 92 1. Development of (or adjustment to) procedures for review and confirmation of
93 proposed concessionaire pricing;
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 - 95 2. Revision to operational policies and procedure relating to pricing requirements
96 for ADR Program concessionaires;
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 - 98 3. Preparation and execution of necessary lease amendments, addenda and/or
99 other documentation necessary to approve pricing of ADR Program
100 concessionaire products and services and adherence to the Amended ADR
101 Pricing Policy.

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103 **STATEMENT IN SUPPORT OF THE MOTION**

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105 In taking this action the Commission intends to support the Executive Director's
106 recommendation to establish an amended policy to allow ADR Program concessionaires to
107 charge street pricing plus up to 10 percent (10%) for products and services offered at the
108 Airport. The Commission and staff have heard from large prime operators as well as small, local
109 and minority-owned concessionaires who have expressed concern regarding the increased cost
110 of doing business at the Airport and the impact of those higher costs on their ability to operate
111 viable businesses.

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113 These cost pressures are evident in the building out and refurbishing their units, the wages and
114 benefits paid to their employees and the services that are necessary to operate their businesses
115 at the Airport (for example, security badging, parking, common area maintenance fees, unified
116 pest management, trash recycling, and adherence to Commission Resolution No. 3725).

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118 Higher costs in these areas, together with the scheduled return to required strict street pricing
119 in January 2020, has decreased the interest of new firms in bidding for leasing opportunities at
120 the Airport and has led several current concessionaires to express concerns about their ability
121 to operate profitable businesses.

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123 The Commission recognizes that circumstances at the Airport will continue to evolve and
124 flexibility may be necessary to reach our mutual goals of excellent customer service and

125 attractive dining options. However, by this motion, and consistent with these goals, allowing
126 street plus 10% pricing provides concessionaires with an enhanced ability to recover their
127 higher costs, improves the opportunity for concessionaires to procure quality products and staff
128 resources, and will likely increase the number and variety of small-business and other
129 proposers for future concessions opportunities at the Airport.