

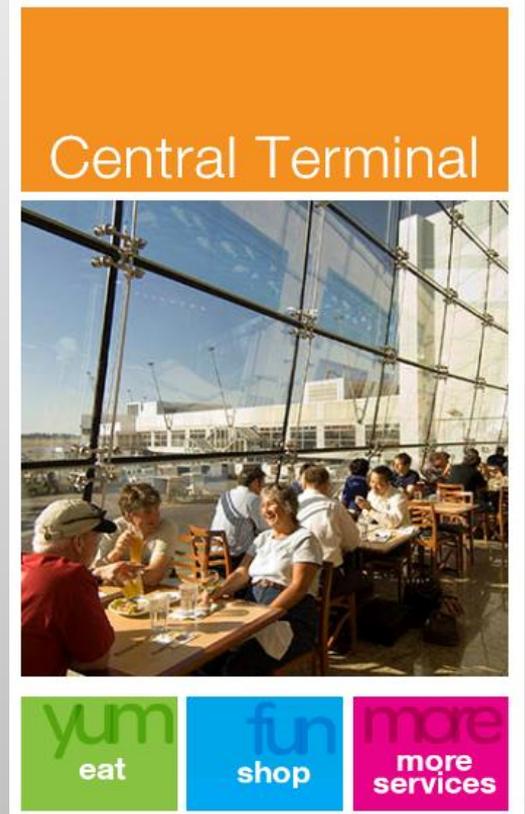
Sea-Tac Airport Dining & Retail Lease Group 4 & 4A Results and Lease Group 5 Proposed Opportunities

June 11, 2019



ADR Drivers

- Excellent customer service
- Improved travelling experience
- Generate revenue for reinvestment in Airport
- Economic opportunities for the region



Commission Guidance for the ADR Master Plan

- Encourage broad business participation
- Use flexible competitive leasing processes to accommodate all types of business
- Create new opportunities for small, disadvantaged and local businesses
- Maximize employment continuity for qualified employees
- Continue 'street pricing' of products and services
- Improve efficiency and affordability in the unit build out process
- Establish job quality expectations in competitive processes
- Strengthen the local Pacific Northwest sense of place

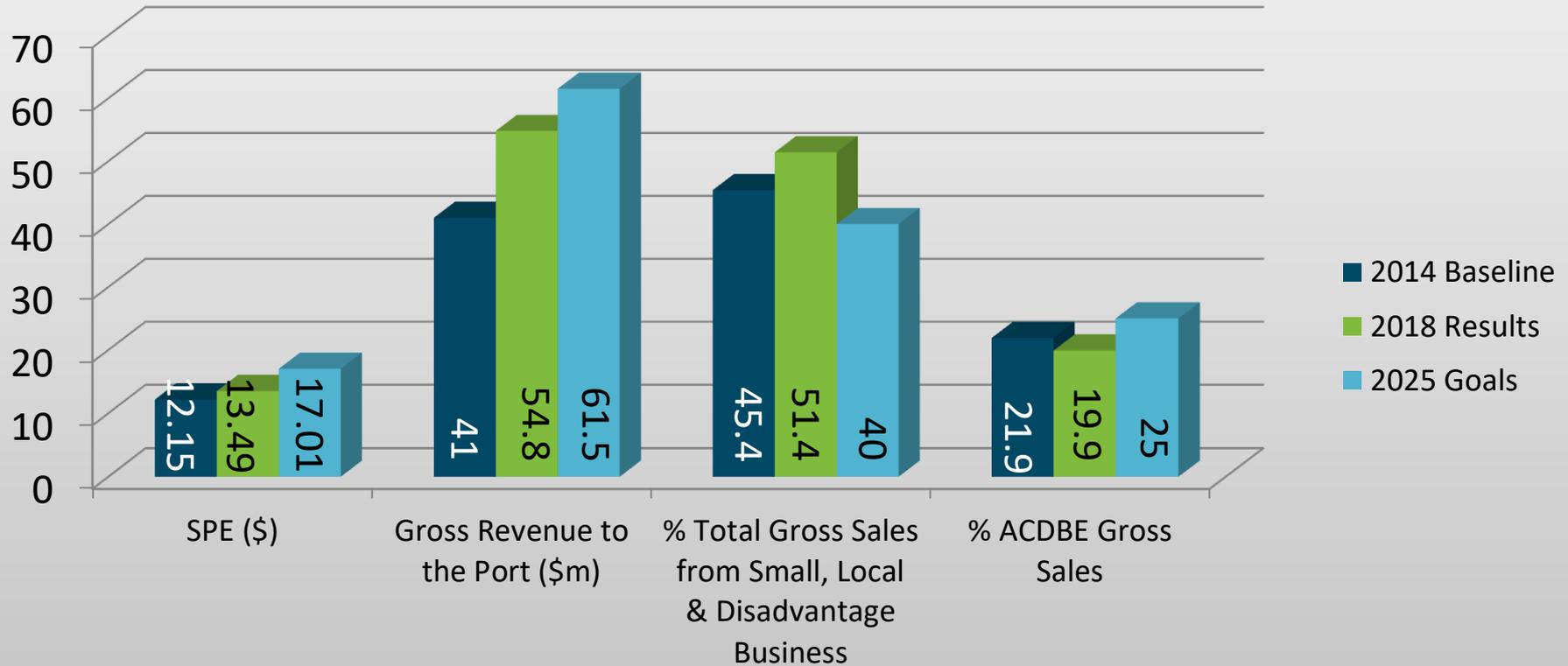
Specific Commission guidance in 2012 and 2014 for the ADR Program

Commission Goals for the ADR Master Plan

- Grow sales per enplanement by at least 40 percent
- Reach and remain within the top 10 North American airports as ranked by sales per enplanement
- Grow gross revenues to the Port by 50 percent
- Grow employment by 40 percent
- Grow the share of sales generated by small, disadvantaged, and/or local businesses to 40 percent
- Create an aspirational objective of increasing ACDBE gross sales to 25 percent of total sales

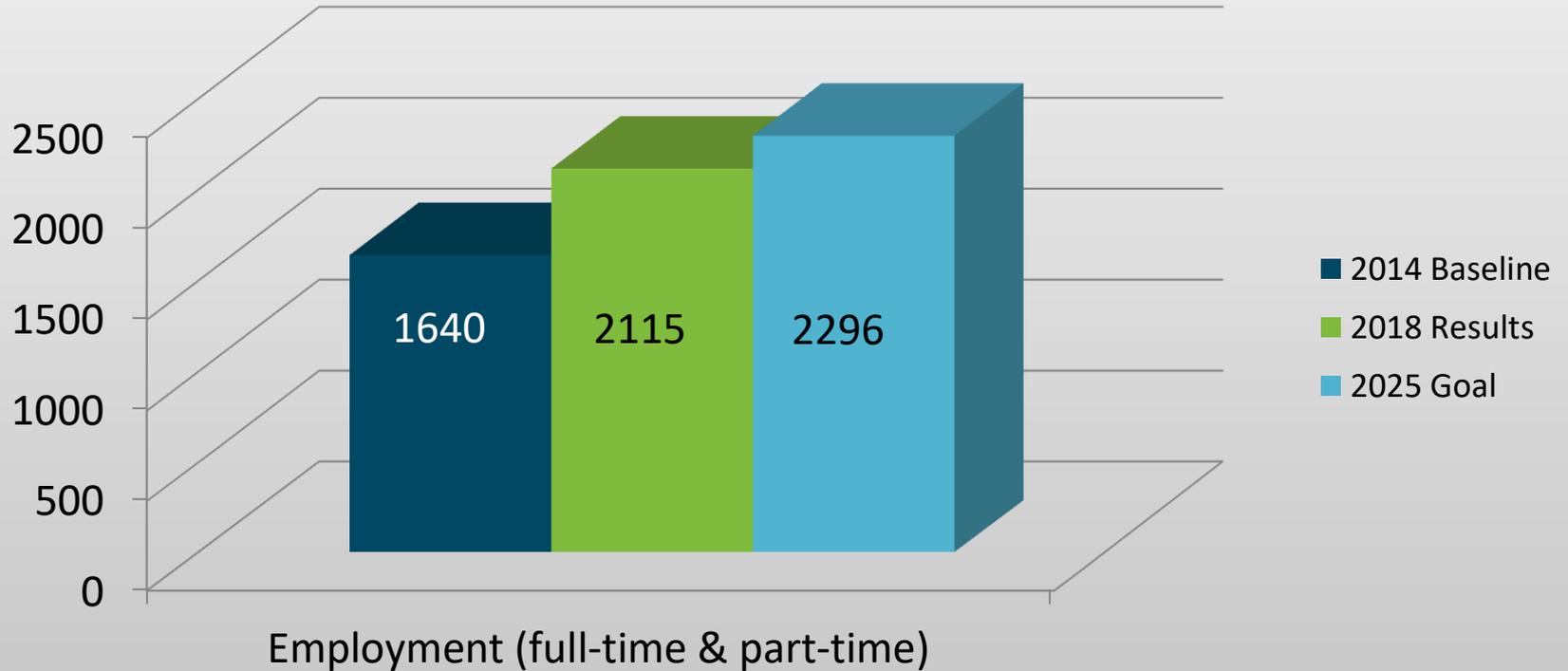
Specific Commission goals for the ADR Program

Airport Dining & Retail Performance Metrics



Strong ADR business performance

Airport Dining & Retail Performance Metrics



Strong ADR performance

Outreach Update

- 6 PortGen sessions in 2018 attended by 300
- 694 firms are registered on ADR leasing website as of March 1, 2019
- ADR staff presented draft LG5 opportunities at the Airport Experience Conference in February
- ADR staff held a local outreach presentation in March

Outreach efforts have increased awareness, understanding, and participation

Employment Continuity Pool Update

- Port contracted with Airport Jobs in July 2016 to:
 - Create an employee database
 - Assist in evaluation of needs and match qualified candidates
 - Facilitate interviews and track outcomes
- As of Q3 2018, 593 employees have registered and have been placed in an airport or related job

Employment Continuity Pool is working well

Lease Group 4 & 4A New Requirements

- Required compliance with Proposition 1 back wages and benefits
- Quantified scoring for Quality Jobs
- Revised joint venture scoring
- Points awarded for Pacific Northwest Sense of Place
- Required labor peace agreement with proposal
- Limited award opportunities for individual firms

Changes to reflect Commission guidance

Lease Group 4 & 4A Results

- 58 proposals were received
- 28 firms (and/or joint ventures) submitted proposals
- 11 firms were new to the Airport and the competitive process
- Multiple proposals received for 10 of the 13 opportunities
- 26 of the 28 firms that submitted proposals had some form of ACDBE, small or locally-owned business inclusion

Outreach spurred strong competition for Lease Group 4 & 4A opportunities

Pacific NW Sense of Place Scoring

- Lease Group 4 and 4A proposers were allotted points for proposing a concept that met the RFP/CEP definition of the Pacific Northwest Sense of Place
- Further FAA guidance prohibited the use of state, local or geographic preference in the evaluation of bids or proposals
- Criteria for NW Sense of Place will be modified in accordance with FAA guidance

Pacific Northwest Sense of Place Scoring Criterion

Addressing Lease Group 5 Challenges

Airport environment presents special challenges for business which leads to higher costs for planning, building and operating dining and retail spaces.

- Cost of preparing proposals for leasing opportunities
- Construction costs and risk of delays
- Staffing requirements higher than non-airport locations
- Security requirements

Addressing high cost of doing business at Airport

Options Considered

- Increase pricing flexibility to cover higher costs and recoup investment
- Create incentives and lower barriers for participation in solicitation
- Investigate lowering build-out costs and speeding project delivery
- Extend lease terms
- Modify percentage rent
- Modify labor peace requirements

Wide Range of Options Researched

Executive Director's Recommendations

- Modify the pricing policy to street plus up to 10%
- Implement a pilot program for Lease Group 5 to provide \$5,000 investment incentive payments to non-selected CEP proposers
- Continue current lease and rent practices
- Retain labor peace requirement
- Investigate lowering build-out costs and speeding project delivery
- Align PNW Sense of Place scoring with guidance from the FAA
- Continue engagement with ADR stakeholders for program improvements

Balancing various stakeholder perspectives

Lease Group 5 Schedule

Projected Date	Action
June 18, 2019	Advertise opportunities (via leasing website and various local and national media)
July 1, 2019	Training sessions for interested businesses
June - September 2019	90 days for proposal preparation
September 18, 2019	Responses due
October 2019	Port Team completes their evaluations
November 2019	Notification to successful proposers Update Commission on Lease Group 5 results
December 2019	Lease negotiations and execution

Efficient schedule from advertisement to lease execution

Exhibits



Evaluation Criteria

Company Experience, Financial Capability:	200 points (13%)
Concept Development:	250 points (17%)
Unit Design, Materials and Capital Investment:	250 points (17%)
Financial Projections and Rent Proposal:	200 points (13%)
Management, Staffing and Environmental:	200 points (13%)
Job Quality, Employment and Service Continuity:	200 points (13%)
Small Business Participation:	200 points (13%)
TOTAL POINTS	1500 points (100%)

Evaluation criteria balance values important to the Port

Lease Group 5 Opportunities

- 3 Food and Beverage
- 2 Specialty Retail
- 2 Passenger Services

New opportunities

Lease Group 5 Opportunities

Category	Package #	# of Locations (unit #)	Approximate SF
Food and Beverage	FB-1	1 (NS-10)	1,300
	FB-2	1 (NS-25)	3,440
	FB-3	1 (NSM-26)	6,780
Specialty Retail	SR-1	1 (NS-12)	1,840
	SR-2	1 (NS-14)	1,890
Passenger Services	PS-1	1 (NS-11)	580
	PS-2	1 (NS-13)	1,740

New opportunities

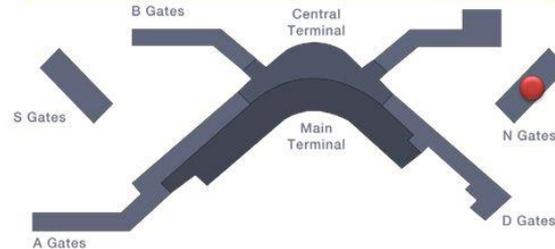
Target Issue Date:
June 2019Target Award Date:
November 2019Target Unit Open:
June 2021**Method of Competition: Competitive Evaluation**

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 35 jobs

Lease Terms

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$450-\$550 per square foot.

Unit No.	Location	Approximate Sq. Ft	Concept
NS-10	North Satellite	1,300	Quick Service Burger Concept with a Nationally-recognized brand



New opportunities ready for the marketplace

Target Issue Date:
June 2019

Target Award Date:
November 2019

Target Unit Open:
June 2021

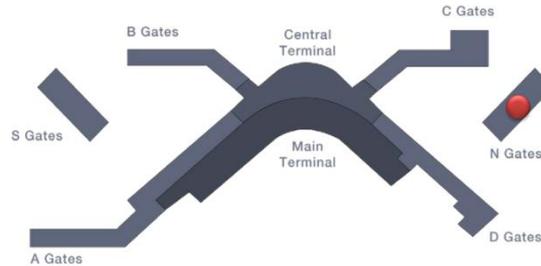
Method of Competition: Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 50 jobs

Lease Terms

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$450-\$550 per square foot.

Unit No.	Location	Approximate Sq. Ft.	Concept
NS-25	North Satellite	3,440	Fast Casual Open Concept



New opportunities ready for the marketplace



RFP FB-3

Item No.: [Exhibit C](#)
Date: [June 11, 2019](#)

Target Issue Date:
June 2019

Target Award Date:
November 2019

Target Unit Open:
June 2021

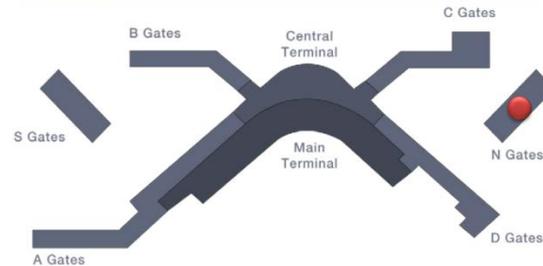
Method of Competition: Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 100 jobs

Lease Terms

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$450-\$550 per square foot.

Unit No.	Location	Approximate Sq. Ft.	Concept
NSM-26	North Satellite	6,780	Quick Service, Fast Casual, or Casual Dining Open Concept



SEATTLE-TACOMA INTERNATIONAL AIRPORT
Port of Seattle

New opportunities ready for the marketplace

Target Issue Date:
June 2019

Target Award Date:
November 2019

Target Unit Open:
June 2021

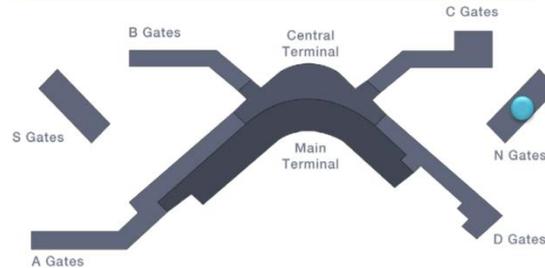
Method of Competition: Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 15 jobs

Lease Terms

- Length of Lease: 8 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$400 per square foot.

Unit No.	Location	Approximate Sq. Ft	Concept
NS-12	North Satellite	1,840	Specialty Retail Open Concept



New opportunities ready for the marketplace



CEP SR-2

Item No.: Exhibit E
Date: June 11, 2019

Target Issue Date:
June 2019

Target Award Date:
November 2019

Target Unit Open:
June 2021

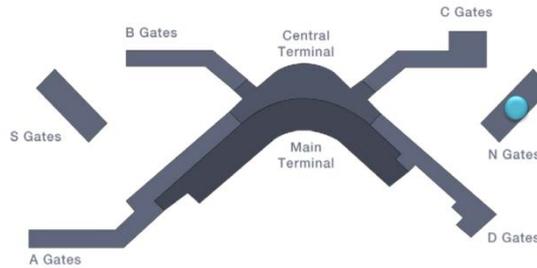
Method of Competition: Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 15 jobs

Lease Terms

- Length of Lease: 8 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$400 per square foot.

Unit No.	Location	Approximate Sq. Ft.	Concept
NS-14	North Satellite	1,890	Specialty Retail Open Concept



SEATTLE-TACOMA INTERNATIONAL AIRPORT
Port of Seattle

New opportunities ready for the marketplace

Target Issue Date:
June 2019

Target Award Date:
November 2019

Target Unit Open:
June 2021

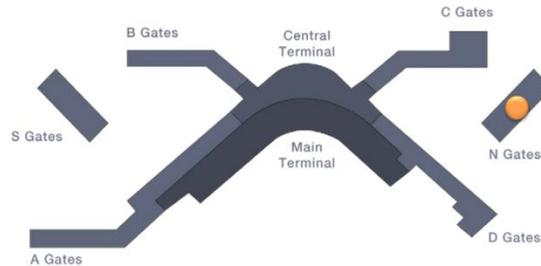
Method of Competition: Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 15 jobs

Lease Terms

- Length of Lease: 8 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$350-\$450 per square foot.

Unit No.	Location	Approximate Sq. Ft	Concept
NS-11	North Satellite	580	Massage, Spa, or Medical



New opportunities ready for the marketplace

Target Issue Date:
June 2019

Target Award Date:
November 2019

Target Unit Open:
June 2021

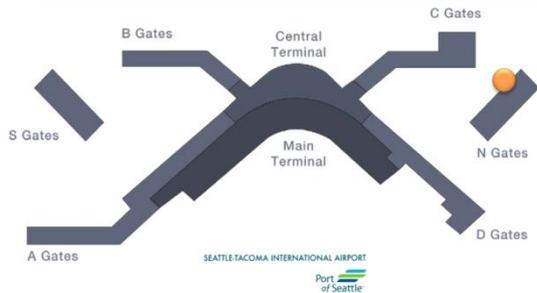
Method of Competition: Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 15 jobs

Lease Terms

- Length of Lease: 8 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$350-\$450 per square foot.

Unit No.	Location	Approximate Sq. Ft	Concept
NS-13	North Satellite	1,740	Napping Room, Business Center , or Video Gaming Lounge



New opportunities ready for the marketplace