COMMISSION
AGENDA MEMORANDUM

ACTION ITEM

Item No. 10b

Date of Meeting April 22, 2025

DATE: March 20, 2025

TO: Stephen P. Metruck, Executive Director

FROM: Jeff Wolf, Director, Aviation Commercial Management
Khalia Moore, Assistant Director, Aviation Commercial Management
Scott Van Horn, Manager, Business Development & Assistant ACDBE Liaison

SUBJECT: **Lease and Concession Request for Proposal for Six Various Food and Beverage Locations and Fourteen Various Retail Locations (Specialty and Convenience) that will naturally expire between 2025 and 2028 at Seattle-Tacoma International Airport (SEA or Airport)**

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) conduct the release of a Request for Proposal (RFP 25-1) and (2) execute a Lease and Concession Agreement with selected proposers for the twenty (20) Airport Dining and Retail (ADR) locations that will naturally expire between 2025 and 2028.

EXECUTIVE SUMMARY

This request is for existing ADR locations that were part of the original Lease Group 1, awarded in 2016, and will naturally expire between 2025 through 2028. Staff will utilize the same RFP process that reflect Commission's guidance used in past ADR program redevelopment Lease Groups.

The continued redevelopment of the ADR program offers an excellent opportunity to advance the Port's Century Agenda goals by enhancing the Airport's profile as the preferred gateway to the Pacific Northwest by promoting job growth, creating new opportunities for small, local, and disadvantage businesses, and by meeting the expectations of the traveling public for quality food service, retail products, and personal services.

The ADR program is an important element of the Port's ongoing efforts to provide outstanding customer service and improve the traveling experience. In addition, the businesses generate significant revenue that is reinvested to support airport operations and capital improvements at the Airport.

JUSTIFICATION

With the completion and build-out of the ADR Master Plan, these twenty (20) locations will naturally expire between calendar years 2025 and 2028, as outlined below:

2025 Expiring Space Numbers	CA-02, CA- 11, CA-12, CB-08, CT-08, CT-11
2026 Expiring Space Numbers	CA-01, CA-08, CB-07, CC-14, CC-15, CT-17, CT-19
2027 Expiring Space Numbers	CC-12, CD-04, CT-04, CT-05, CT-16
2028 Expiring Space Numbers	BC-03
Vacant	NE-01

The RFP bidding opportunities will be comprised of both single unit and multi-unit packages. For the multi-unit opportunities, there will be one food and beverage package and one retail package, and both will consist of two separate locations. There will be at least one (1) location specifically identified for small business proposals only in both the retail and food & beverage categories.

To the extent possible, staff will attempt to remove/reduce barriers to entry by continuing with the competitive process improvements implemented in past RFPs. These improvements include 1) removal of capital investment scoring, 2) elimination of the bid bond requirement, 3) conducting RFP training, and 4) the establishment of Commission- approved Small Business exemptions for labor peace.

The approval of these proposed RFP and subsequent contracting opportunities continues to support the Port's Century Agenda to create 100,000 new jobs and provide opportunities for small, local, and disadvantaged businesses.

Diversity in Contracting

The ADR program is governed by the Federal Aviation Administration (FAA) and will include Airport Concession Disadvantage Business Enterprise (ACDBE) aspirational goals in line with the Aviation Business Goals and Objectives. Current 2025 goals for ACDBE participation stands at 23.5%.

DETAILS

The following locations that will be released as part of this RFP include:

Food & Beverage Locations	
Space Number	Current Concept
CA-01	Starbucks
CA-08	Caffe D'arte
CB-07	Starbucks
CC-14	Starbucks
CC-15	Dish D'Lish
CT-19	Starbucks

Specialty Retail Locations	
Space Number	Current Concept
BC-03	SmarteCarte
CA-12	Hudson
CT-04	M.A.C.
CT-05	Coach
CT-08	Made in WA
CT-11	Marmot
CT-16	SubPop

Convenience Retail Locations	
Space Number	Current Concept
CA-02	Hudson News
CA-11	Hudson News
CB-08	Hudson News
CC-12	Hudson News
CD-04	Hudson News
CT-17	Hudson News
NE-01	Vacant

Schedule

Preliminary schedule for the RFP and Agreement process:

Commission authorization to release RFP 25-1	April 2025
Release RFP 25-1 Documents	Q1 2026
Written Proposals Due for RFP 25-1	Q1/Q2 2026
Award and Lease Agreement Execution	Q3/Q4 2026

Business Terms

Food and Beverage Lease and Concession Agreements will be for a period of twelve (12) years. Retail Lease and Concession Agreements will be for a period of ten (10) years. These terms are standard within the ADR program an in-line with recent RFP awards/contracts including Concourse C Expansion (CCE), which was awarded in 2024.

Concession fees paid by selected tenants will be determined as part of the RFP process.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 - Directly negotiate some or all twenty (20) opportunities individually with new tenants.

Pros:
(1) Doesn't require the Port to undergo the RFP process.

Cons:
(1) Inhibits the process of fair competition through direct negotiation.
(2) Port will not get the benefits of a competitive process and innovations available with each of these RFPs.

This is not the recommended alternative.

Alternative 2 - Directly negotiate extensions/new agreement with some or all twenty (20) opportunities individually with current tenants in these locations.

Pros:
(1) Doesn't require the Port to undergo the RFP process.

Cons:
(1) Inhibits the process of fair competition.
(2) Port will not get the benefits of a competitive process and innovations available with each of these RFPs.
(3) No new business opportunities for an extended period.

This is not the recommended alternative.

Alternative 3 – Issue competitive RFPs for the twenty (20) opportunities.

<u>Pros:</u>

(1) Allows for fair competition.
(2) Creates additional opportunities for new small, WMBE and ACDBE businesses and the introduction of new innovations in technology as identified in the RFP proposals.

<u>Cons:</u>

(1) Due to the current economic environment, the Port may receive limited responses to the RFP.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

The twenty (20) spaces represent a significant portion of overall ADR program revenue. Approval of this request for the RFP process and agreement(s) execution will allow staff to ensure continuity of future non-aeronautical revenue generation of the spaces.

<u>ATTACHMENTS TO THIS REQUEST</u>

(1) Presentation

<u>PREVIOUS COMMISSION ACTIONS OR BRIEFINGS</u>

April 9, 2025 –The Commission authorized to take all steps necessary to complete the Tenant Airport Dining and Retail (ADR) Shell & Core Renovations (TASCR) project at the Seattle-Tacoma International Airport (SEA or Airport), for a total project authorization of $10,373,000.

December 12, 2023 – The Commission approved the CCE RFP release of 10 spaces within Concourse C Expansion and 3 locations in areas adjacent to the Concourse C Expansion.

November 12, 2023 – The Commission was briefed on ADR Master Plan and approved recommendations for the CCE RFP process.