COMMISSION
AGENDA MEMORANDUM | **Item No.** 10b
ACTION ITEM | **Date of Meeting** August 11, 2026

DATE : August 3, 2026

TO: Stephen P. Metruck, Executive Director

FROM: Jeff Wolf, Director, Aviation Commercial Management
Eileen Francisco, Director, Aviation Project Management Group

SUBJECT: Rental Car Facility (RCF) Customer Service Building Re-Demising Project Funding (#C801209)

Amount of this request:	$17,900,000
Total estimated project cost:	$19,700,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to take all steps necessary to complete the RCF Customer Service Building Re-Demising project at Seattle-Tacoma International Airport (SEA). The total amount requested for authorization is $17,900,000 for a total authorized amount of $19,700,000.

EXECUTIVE SUMMARY

The RCF began operations in May 2012 and the original ten (10)-year concession agreement, a component of the lease, expires in May 2027, as an additional five (5) years was approved by Commission in 2021 as part of Covid relief efforts. This project supports the rebidding of the concession agreement through the reallocation and building of spaces for tenants, securing a vital source of non-aeronautical revenues for SEA. The project will also renovate the existing heavily used restrooms in the Customer Service Building, and replace the existing car wash equipment that is at the end of its useful life.

JUSTIFICATION

This project supports the Century Agenda strategic goal to advance this region as a leading tourism destination and business gateway by 1) continuously improving the operational efficiency and customer experience at SEA, and 2) by meeting the region's air transportation needs by delivering vital facilities and infrastructure in a sustainable and cost-effective manner. The RCF is a major facility and is the primary operating location for most rental car providers at SEA. Rebidding the tenant areas, which is a requirement of the agreement, allows for improvements to the operational efficiency of the facility through consideration of the changes in market positions of the rental car companies over the last 15 years. The renovation of the restrooms will improve customer and worker experience. Replacing the end-of-life car wash equipment will ensure the continuity of rental car operations.

In 2025, approximately 5.2 million passengers utilized the RCF and generated $45 million in concession/land rent revenues to the Port, and $48 million in customer facility charge (CFC) revenues. CFCs are fees paid by customers and remitted to the Port as part of each rental car transaction and may only be used for the repayment of the debt used to construct the RCF, as well as certain operating expenses, such as the busing system to and from the airport terminal, and capital projects at the RCF. This proposed project will be primarily funded by the CFC fund.

Diversity in Contracting

The design of this project will utilize a project specific design contract that has an established women and minority business enterprise (WMBE) goal of 26%. The project team will work with the Diversity in Contracting department to establish additional WMBE goals within the construction phase of the project.

DETAILS

The RCF supports the vast majority of rental car operations at SEA (note: some smaller companies may operate “off-airport” and don’t utilize the facility except for busing operations) and opened in May 2012. The Port and the rental car industry have a thirty-year lease with an accompanying 15-year concession agreement (originally the concession agreement was ten years, but as noted above, was extended to 15 years). The existing concession agreement expires in May 2027 and defines the blocks of operating space for each rental car tenant utilizing the facility.

This project supports the rebidding of the RCF concession agreement that will determine the blocks of space for each tenant for the next 15 years. This project will modify blocks within the Customer Service Building located on the fifth floor of the facility, which serves as the primary customer-facing operating areas for rental car companies. Tenants are responsible for their own tenant improvements, while the Port is responsible for improvements to the base building.

Scope of Work

The scope of work includes interior walls/finishes, HVAC, lighting, restrooms, utilities, signage, and car wash equipment.

The project is being delivered through two packages of work to meet schedule requirements. The first package will support the construction of the tenant blocks of space, and the associated wayfinding signage improvements as the location of the tenant lease areas will change. The first package will also include the construction of a new break room and flex space for transit operations and will need to be ready for construction when the new concession agreement begins in June 2027. The second package will include the restroom renovation and replacement of the car wash equipment. This work will be phased (one restroom closed at a time), and with no construction impacts occurring during the peak summer months.

Schedule

Activity

Construction start	2027-Q2
In-use date	2029-Q1

Cost Breakdown	This Request	Total Project
Design	$3,600,000	$5,400,000
Construction	$14,300,000	$14,300,000
Total	$17,900,000	$19,700,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not complete the improvements

Cost Implications: $0

Pros:

(1) Does not require capital investment from the Port

Cons:

(1) The Port would not be in compliance with the rental car lease agreement putting at risk SEA's rental car concession revenues
(2) Tenant lease space would not be adjusted to account for market changes from the past 15 years and improving operational efficiency
(3) The car wash equipment would ultimately fail and will not support the continuity of rental car operations
(4) Restrooms would continue to be heavily worn providing a lower level of customer service and requiring additional maintenance support

This is not the recommended alternative.

Alternative 2 – Do not include the renovation of the public restrooms

Cost Implications: $17,700,000

Pros:

(1) Reduces the capital investment from the Port
(2) The Port would be in compliance with the rental car lease agreement
(3) Tenant space would be adjusted to account for market changes from the past 15 years and improving operational efficiency
(4) The car wash equipment would be replaced ensuring the continuity of rental car operations

Cons:

(1) Restrooms will continue to be heavily worn providing a lower level of customer service
(2) The deferral of the restroom renovation represents a greater overall future capital investment by the Port

This is not the recommended alternative.

Alternative 3 – Proceed with the full scope of the project

Cost Implications: $19,700,000

Pros:

(1) The Port would be in compliance with the rental car lease agreement
(2) Tenant space would be adjusted to account for market changes from the past 15 years and improving operational efficiency
(3) The car wash equipment would be replaced ensuring the continuity of rental car operations
(4) The restrooms would be renovated, improving customer service

Cons:

(1) Requires the most capital investment by the Port

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary	Capital	Expense	Total
COST ESTIMATE			
Original estimate	$10,540,000	$0	$10,540,000
Previous changes – net	$3,015,410	$0	$3,015,410
Current change	$5,764,590	$380,000	$6,144,590
Revised estimate	$19,320,000	$380,000	$19,700,000
AUTHORIZATION			
Previous authorizations	$2,000,000	$0	$2,000,000
Current request for authorization	$17,320,000	$380,000	$17,700,000
Total authorizations, including this request	$19,320,000	$380,000	$19,700,000
Remaining amount to be authorized	$0	$0	$0

Annual Budget Status and Source of Funds

This project #C801209 was included in the 2026-2030 capital budget and plan of finance with a total budget of $13,555,410. The budget of $5,764,590 will be transferred from the Non-Aeronautical Allowance CIP C800754 resulting in no net change to the Airport capital budget. This project will be primarily funded by CFC revenues.

Financial Analysis and Summary

Project cost for analysis	$19,700,000
Business Unit (BU)	Rental Cars
Effect on business performance (NOI after depreciation)	NOI after depreciation will decrease with the additional capital costs associated with the project. However, the project ensures the continuity of a vital source of substantial non-aeronautical revenues to the Port.
IRR/NPV (if relevant)	N/A
CPE Impact	N/A

Future Revenues and Expenses (Total cost of ownership)

Per the terms of the lease agreement the operation and maintenance costs for the RCF are borne by the rental car industry. The Port is responsible for re-investment into the RCF as facilities and infrastructure age and require replacement. Completing the project improvements and supporting the new concession agreement protects SEA's rental car concession revenues.

ATTACHMENTS TO THIS REQUEST

(1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

January 27, 2026 – Commission was briefed on the Rental Car Program.

September 24, 2024 – Commission authorized the execution of a project specific design services contract and preliminary project work.