COMMISSION
AGENDA MEMORANDUM **Item No.** 10a

ACTION ITEM **Date of Meeting** September 22, 2026

DATE: August 20, 2026

TO: Stephen P. Metruck, Executive Director

FROM: Jeffrey Wolf, Director, Aviation Commercial Management
Khalia Moore-Parkes, Assistant Director, Airport Dining and Retail
Scott Van Horn, Manager of Business Development, Airport Dining and Retail

SUBJECT: **Execution of a Lease and Concession Agreement between the Port of Seattle and AD Partnership, LLC to operate a Non-Aeronautical Financial Institution (Credit Card) Lounge at Seattle-Tacoma International Airport**

ACTION REQUESTED

Request Commission authorization for the Executive Director or his designee to execute a Lease and Concession Agreement for a Non-Aeronautical Financial Institution (Credit Card) Lounge on A Concourse with AD Partnership, LLC, operating a Chase Sapphire Lounge.

JUSTIFICATION

The Airport Dining and Retail (ADR) team issued Request for Information 26-7 (RFI 26-7) for a new non-aeronautical alliance or financial institution lounge located at the end of A Concourse. Based on the submission received, AD Partnership, LLC (Selected Operator) was selected to operate a Chase Sapphire Lounge.

Staff requests authorization for the Executive Director or his designee to execute a Lease and Concession Agreement with the following terms:

- Fifteen (15) years lease term
- Approximately 16,000 square feet (SF)
- Projected Revenue to the Port: Five Hundred Dollars and 00/100 ($500.00) per square foot per year.
    - This rate will increase on the sixth (6th) and eleventh (11th) year by ten percent (10%).
    - Estimated annual revenue to the Port will be approximately $7.9 million per year.
- Security Deposit: $4,000,000

This location on A Concourse was originally planned as an upgraded, Port-owned common use lounge, which would require significant capital investment. However, after additional analysis and review of the lounge program, it was determined that utilizing this space as a non-aero financial institution or airline alliance lounge provided increased financial returns and lower capital burdens for the Port. An alternative location for the current common-use lounge was identified, which required lower investment by the Port and further improves the Port's overall financial performance.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1- Proceed with the previously approved project and build out the full expanded Club SEA footprint provided by the Concourse A Building Expansion for Lounges project in this location.

Cost Implications: Incremental $24,360,000 plus Port Sunk Costs of $25.9M (allocated base building costs)

Pros:

(1) Improve the Port's level of service supporting international operations on Concourse A.

Cons:

(1) Significant capital cost incurred.
(2) Breakeven point for investment is expected to be 11 years.

This is not the Recommended Alternative.

Alternative 2- Proceed with the request to execute the Lease and Concessions Agreement with AD Partnership, LLC for a Chase Sapphire Lounge in the A Concourse location.

Cost Implications: Port Sunk Costs: $25.9M (allocated base building costs) plus previously incurred $8M attributable to common-use lounge design efforts already undertaken.

Pros:

(1) Provide lounge capacity to serve passenger growth.
(2) Provide a significantly higher non-aeronautical revenue growth without additional, unplanned Port investment.
(3) Decreases in future capital investment and expenses for the Port, which would be incurred with the build-out and operation of the space as previously approved.

Cons:

(1) The new location for The Club at SEA may require some upgrades and with a set turnover date of the current The Club at SEA space for the Chase Sapphire Lounge, there may be a short period of time that no common-use lounge services will be available on Concourse A.

This is the Recommended Alternative.

FINANCIAL IMPLICATIONS

This authorization will create a new non-aeronautical revenue stream of approximately $7,900,000 annually to the Port. No additional Port investment will be required.

Analysis Period: 2026-2043	Chase Lounge
Square Footage (approximate)	16,000
Lease Revenue	$ 131,690,000
Sunk Costs:	$ -
Common Use Construction Costs	$ 8,000,000
Allocated Base Building Costs	$ 25,910,000
Net Income	$ 97,780,000
Non-Aero Net Present Value	$ 36,440,000
Payback	4

NPV assumes 7.1% discount rate per Port risk scoring matrix

ATTACHMENTS TO THIS REQUEST

(1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

April 8, 2025 – The Commission authorized $24,360,000 to complete the A Concourse Shared-Use Lounge Project (Club at SEA).