COMMISSION
AGENDA MEMORANDUM **Item No.** 9a (AM)

ACTION ITEM **Date of Meeting** October 27, 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 and implementing a study that is repeated yearly for the next five years to understand the business competitiveness for vendors and tenants at SEA 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.

Request Commission authorization for the Executive Director to implement a study that is repeated yearly for the next five years to understand the business competitiveness for vendors and tenants at SEA Airport. The study should examine the market saturation and impact on competitiveness of airport dining and retail and airport lounges in support of equitable economic growth for our tenants and should examine passenger behavior and the customer journey through SEA and look at changing customer preferences, passenger dwell time, and other insights about our traveler behaviors and desires. Additionally, the aviation department should examine the overall cost to do business at the airport for tenants inclusive of the cost of construction, building standards, approval processes, sustainability requirements in alignment with Century Agenda goals and the airport tariffs; should develop a small business target framework for concessions as part of this research work, structured to be open to all eligible small businesses and consistent with applicable federal and state law; and will invest in signage and wayfinding strategies to prioritize visibility for airport dining and retail tenants. In support of this work, a baseline budget of $500,000 per year for the next five years shall be included in the aviation budget. This workplan should be referred to the Aviation Committee for further policy considerations and future budget requests with the first report delivered by the end of Q2 2027.

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).