

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

<b>Item No.</b>	<u>5e</u>
<b>Date of Meeting</b>	<u>October 8, 2013</u>

**DATE:** September 18, 2013  
**TO:** Tay Yoshitani, Chief Executive Officer  
**FROM:** James R. Schone, Director, Aviation Business Development  
James Jennings, Manager, Aviation Properties  
**SUBJECT:** Two-year Extension to TSA Mezzanine Training Space Lease

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to execute Lease Amendment No. 1 (Attachment 1) of the existing Mezzanine Lease (Exhibit A) with the Transportation Security Administration represented by the General Services Administration (TSA/GSA). This amendment extends the term of the lease for two additional agreement years and reduces the leasehold from 3,768 square feet to 1,844 square feet.

**SYNOPSIS**

The TSA/GSA has reached the end of its lease term for a portion of its leased space on the Mezzanine Level of the Main Terminal. Because of increased airline demand for this office space located prior to security, the Port is working to find an alternate location for these TSA functions. The amendment is for only two years, which should provide adequate time to identify and prepare a new location for the TSA beyond the security checkpoint.

This lease expired on September 1, 2013. Although the TSA/GSA and the Port had been in discussions on the anticipated expiration of this lease for some time, Port staff did not receive the proposed amendment until August 23, 2013. Due to a delayed response, which requires Commission action, this lease will briefly be in a holdover status until the amendment is executed.

**BACKGROUND**

The TSA/GSA has three separate terminal space leases with the Port. Those three leases are commonly known as the Mezzanine Lease (3,768 sq. ft.), Main Lease (8,338 sq. ft.) and C1 Building Lease (10,756 sq. ft.) for a total of 22,862 sq. ft. of leased space. The functions of these spaces vary between office, break room and training in support of their security checkpoint and baggage screening duties, and were not consolidated because of differences in timing of their leasing as well as differences in terms related to the condition of space and associated differences in the Port's level of investment.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 18, 2013

Page 2 of 3

The Mezzanine Lease was effective on September 3, 2008, and encompassed both an office area (1,924 sq. ft.) and a training area (1,844 sq. ft.). The Port initially indicated its intention to let this lease expire because the space is needed to accommodate airline functions, but the tenant has requested to retain the training area for two additional years and return only the office area while a suitable location for their training functions is identified and prepared. It is the Port's plan to locate the TSA training space post-security, where there is more available space and a reduced likelihood of conflict with airline needs. A future Commission action may be necessary to fund landlord related improvements to support this future relocation.

## **FINANCIAL IMPLICATIONS**

By extending this Lease for two additional years, reflecting the decrease in leased premises, the Port will secure an estimated \$360,170 of revenue from the two-year lease extension. This lease extension does not financially obligate the Port in any measurable way.

## **SCOPE OF AGREEMENT**

	<b><u>Lease</u></b>	<b><u>First Amendment</u></b>
<b>Term/ Effective Date:</b>	Five Years 9/3/2008-9/2/2013	Two Years 9/3/2013 – 9/2/2015
<b>Use:</b>	Office and Training Space	Training Only
<b>Premises:</b>	3,768 sq. ft.	1,844 sq. ft.
<b>Rent:</b>	Total monthly rent of \$30,665.24, as follows:  3,768 sq. ft. @ \$97.66/sq. ft./yr.	Total monthly rent of \$15,007.09, as follows:  1,844 sq. ft. @ \$97.66/sq. ft./yr.

## **STRATEGIES AND OBJECTIVES**

This lease supports the Century Agenda strategy of advancing the region as a leading tourism destination and business gateway. This helps the TSA/GSA continue to support Port of Seattle staff in operating a safe and secure airport, while also meeting the region's air transportation needs at Sea-Tac.

This amendment also supports the Aviation Division's strategic goal of operating a world-class international airport. It allows the TSA/GSA to continue to provide a high level of customer service to airlines and their passengers and to keep the Airport operating smoothly by ensuring that the TSA workforce is properly staffed and administratively supported.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 18, 2013

Page 3 of 3

### **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1)** – Allow the lease to terminate and tenant shall vacate as prescribed in the underlying lease. This would remove a critical training area from the TSA that would hamper their ability to keep their workforce trained and meet federal requirements. This is not the recommended alternative.

**Alternative 2)** – Allow the lease to expire and tenant to stay provisionally in a holdover state. This is not the recommended alternative.

**Alternative 3)** – Execute the two-year lease amendment. This will secure a continued flow of revenue for the Port and allow TSA/GSA adequate time to design and construct a new training space post-security. **This is the recommended alternative.**

### **ATTACHMENTS TO THIS REQUEST**

- Exhibit A – Main Terminal Mezzanine Level Location Exhibit
- Attachment 1 - Lease Amendment No. 1

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- September 11, 2007 – Commission approved the lease and construction of tenant improvements.