

Item Number: RVSD 6b supp-1

Date of Meeting: October 28, 2014

# *Airport Dining and Retail Program Investments for the Future*

ACTION ITEM

October 28, 2014

Port   
of Seattle®

# Realizing a Vision for Airport Dining and Retail - 2025



	Today (2014)	Tomorrow (2025)
Gross Sales	\$217 M	\$400 M (+84%)
Revenue	\$33 M	\$64 M (+94%)
SPE	\$11.65	\$15.76 (+37%)
Jobs	1,640	2,290 (+40%)
ACDBE/small/local	\$76 million (35% of total sales of \$217 million)	\$160 million (40% of total sales of \$400 million)

# Updated Square Footage Requirement

Location	Existing Square Footage	Required* Square Footage	Square Footage Shortage
Main Terminal	142,820	160,120	(17,300)
South Satellite	16,800	43,845	(27,045)
North Satellite	19,652	45,707	(26,055)
Airport Total	179,272	249,672	(70,400)

*Airport Dining and Retail needs room to grow*

# Why investment in infrastructure?

- Ability to serve 26 million enplanements by 2025
- Ability to grow square footage from 179,000 to approximately 250,000 square feet
- Ability to grow gross sales to \$400 million by 2025

*Passenger-centric strategy meets future needs and grows revenue*

# Why begin investment now?

- First lease expirations in 2015
- Work must take place after lease expiration, before units are re-leased
- 2015-2016 are critical years to complete work
- Coordination with other facility projects

*Must begin work now to maintain customer service and revenue*

# Proposed Investment

- Design Authorization: \$2,801,000
- Phase I Construction: \$10,956,000
- Phase II Construction: \$ 6,397,000
- Total Project Cost: \$17,353,000

# Master Plan Drivers

- Ability to meet future passenger demand in every area of the airport
- Maintain service during construction
- Maximize use of very limited square footage

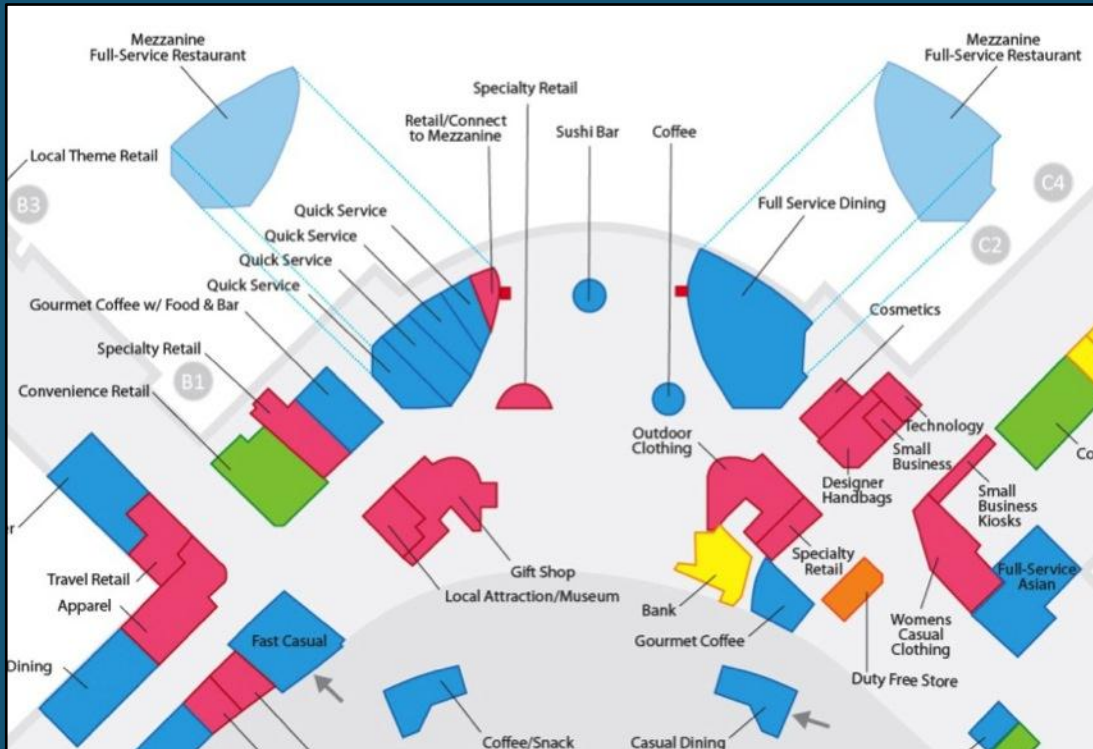
*Critical to preserving existing revenue streams and driving new non-aeronautical revenue*

# Three Categories of Infrastructure

- Public access to undeveloped space
- Reconfiguration of existing space
- Modification and/or addition of utilities



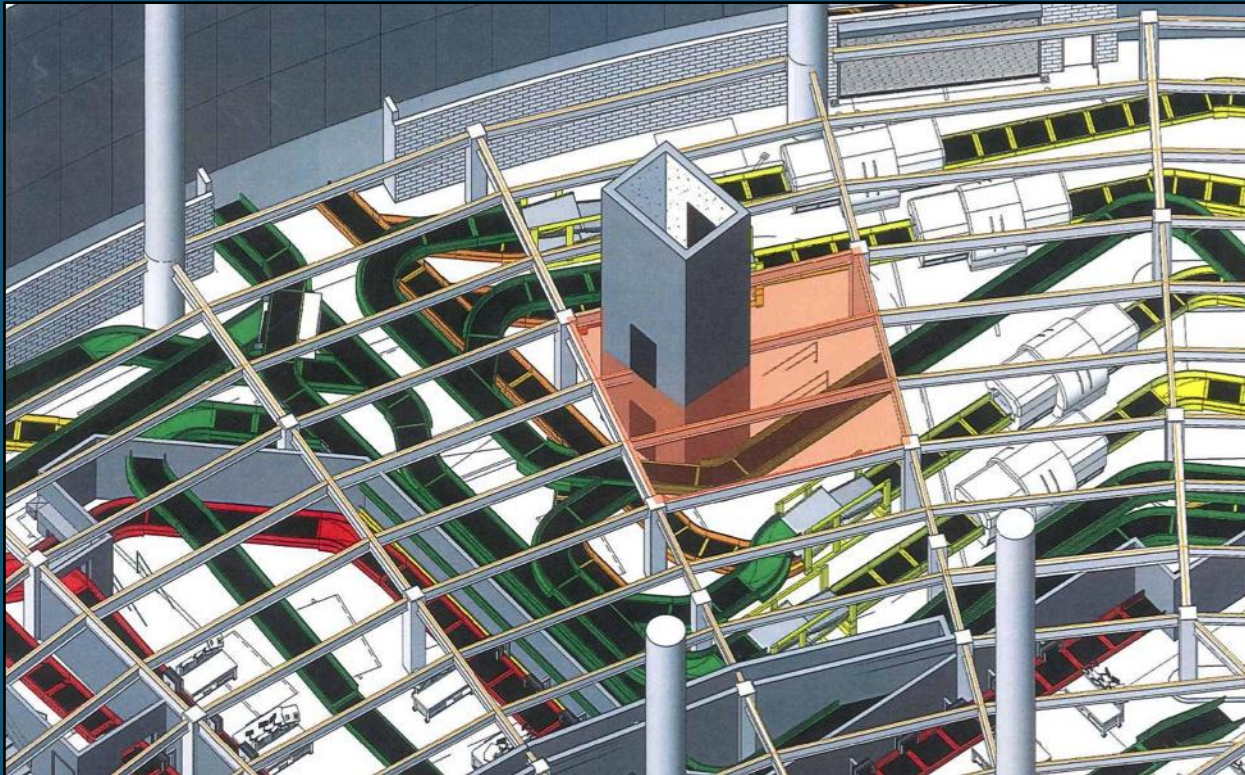
# Central Terminal



- Current square footage: 59,275 (incl. vacant)
- Required future square footage: 60,157
- Develop 6,000 sq ft vacant south mezzanine level space
- Develop 4,000 sq ft vacant space north mezzanine
- Reorient pre-security food service



# Central Terminal



## Baggage Optimization Project

- Elevators below concourse level
- Coordination necessary
- Addition of elevators not possible later

# Central Terminal

## Scope of Work:

- Add two elevators and stairs to mezzanine
- Modify base building facade
- Reconfigure quick serve units
- Remove/replace existing grease duct system
- Modify back of house vestibules

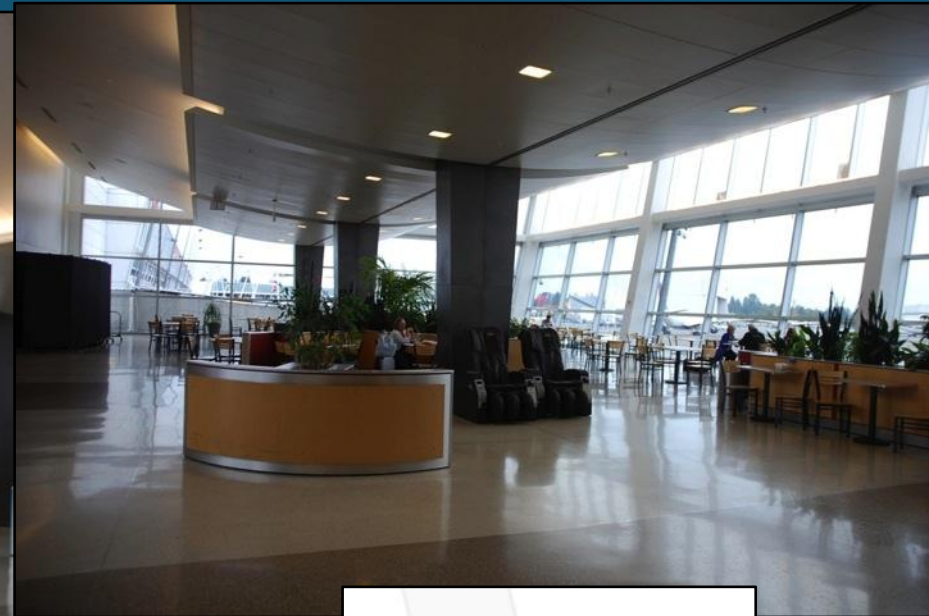
# Central Terminal

## Scope of Work, continued:

- Reconfigure existing retail units
- Reorient pre-security units to post-security
- Convert children's play area to retail space
- Data/communications



# Concourse A



Create new local cuisine, open-air restaurant & gourmet market

# Concourse A

## Scope of Work:

- Reconfigure units to create retail and services where none exist
- Convert current food court seating to revenue generating square footage
- Modify/add utilities to multiple units
- Data/communications

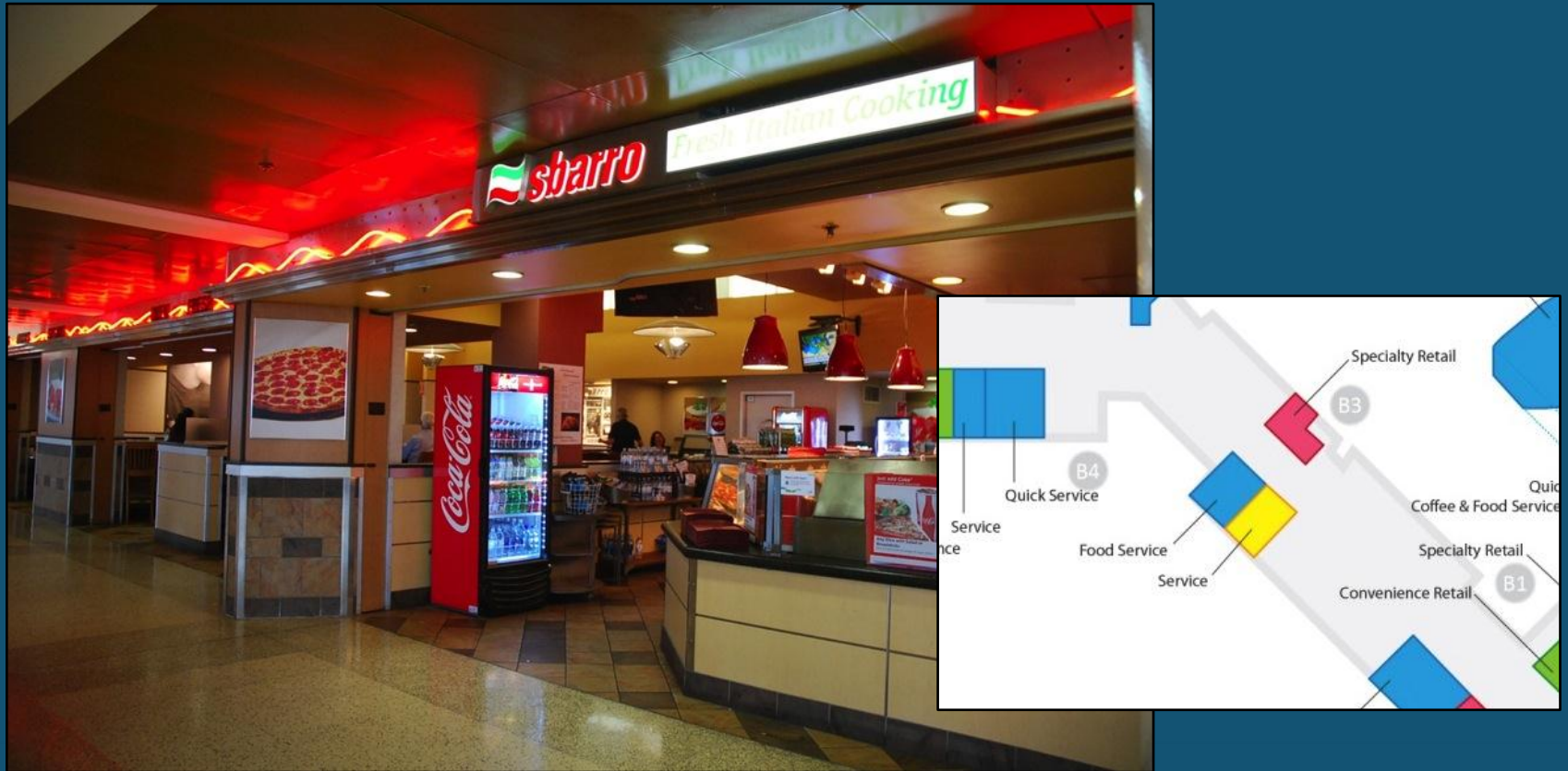


# Concourse B



- Current square footage: 14,047
- Required future square footage: 14,563
- Eliminate one coffee, move another
- Add specialty retail
- Add children's play area
- Add new casual dining

# Concourse B



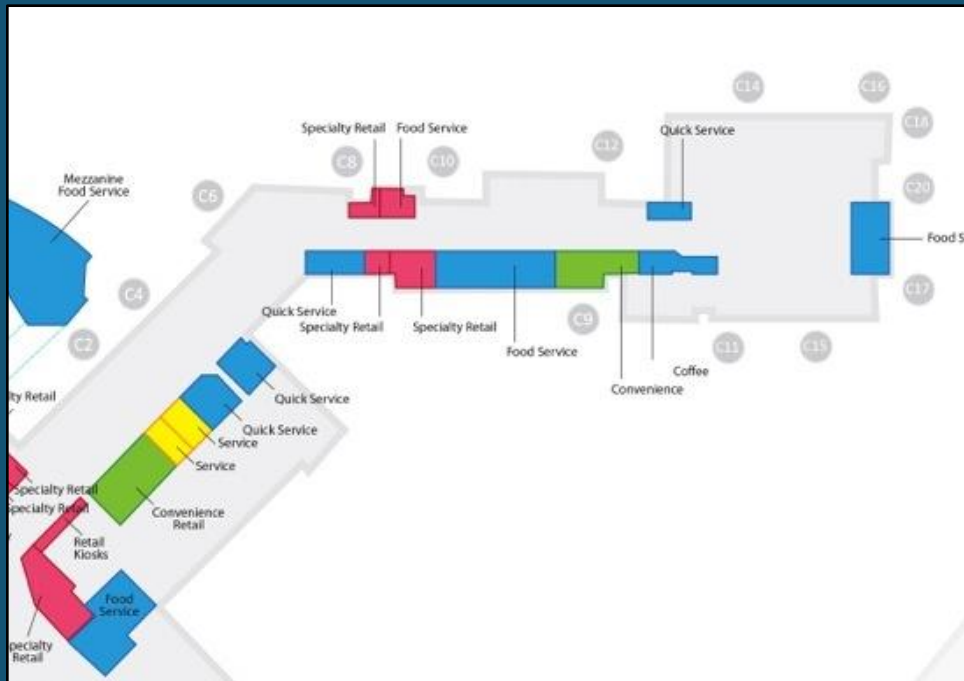
Create new casual dining, children's play area and adjacent specialty retail

# Concourse B

## Scope of Work:

- Reconfigure food service spaces
- Create new children's play area
- Create new specialty retail from food service
- Convert storage unit/vestibule to new unit
- Data/communications

# Concourse C



- Current square footage: 16,841
- Required square footage: 22,345
- Convert non-revenue space to revenue
- Add new quick serve
- Reduce size for service
- Reconfigure units in 'beyond dogleg' area

# Concourse C



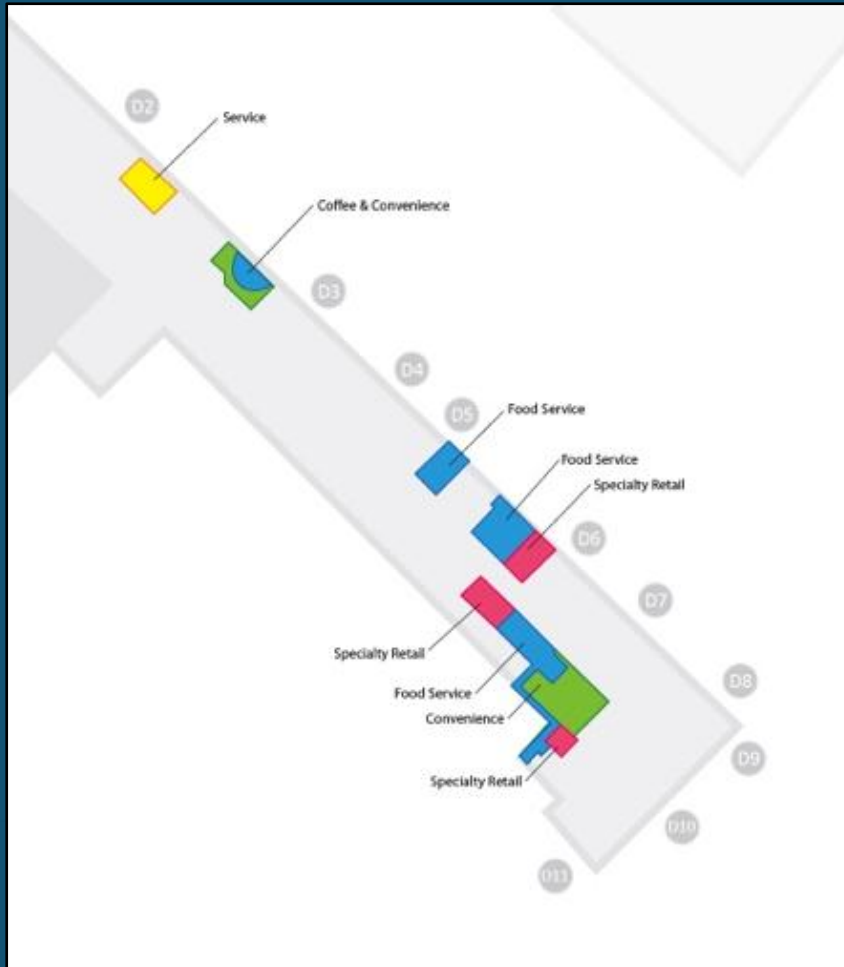
Relocate vertical mechanical chase from storefront

# Concourse C

## Scope of Work:

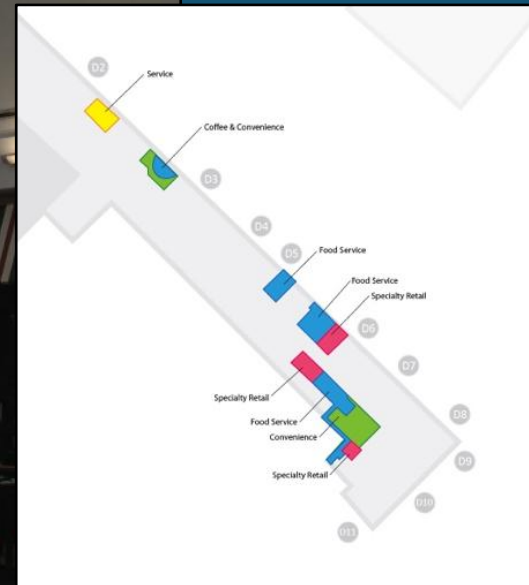
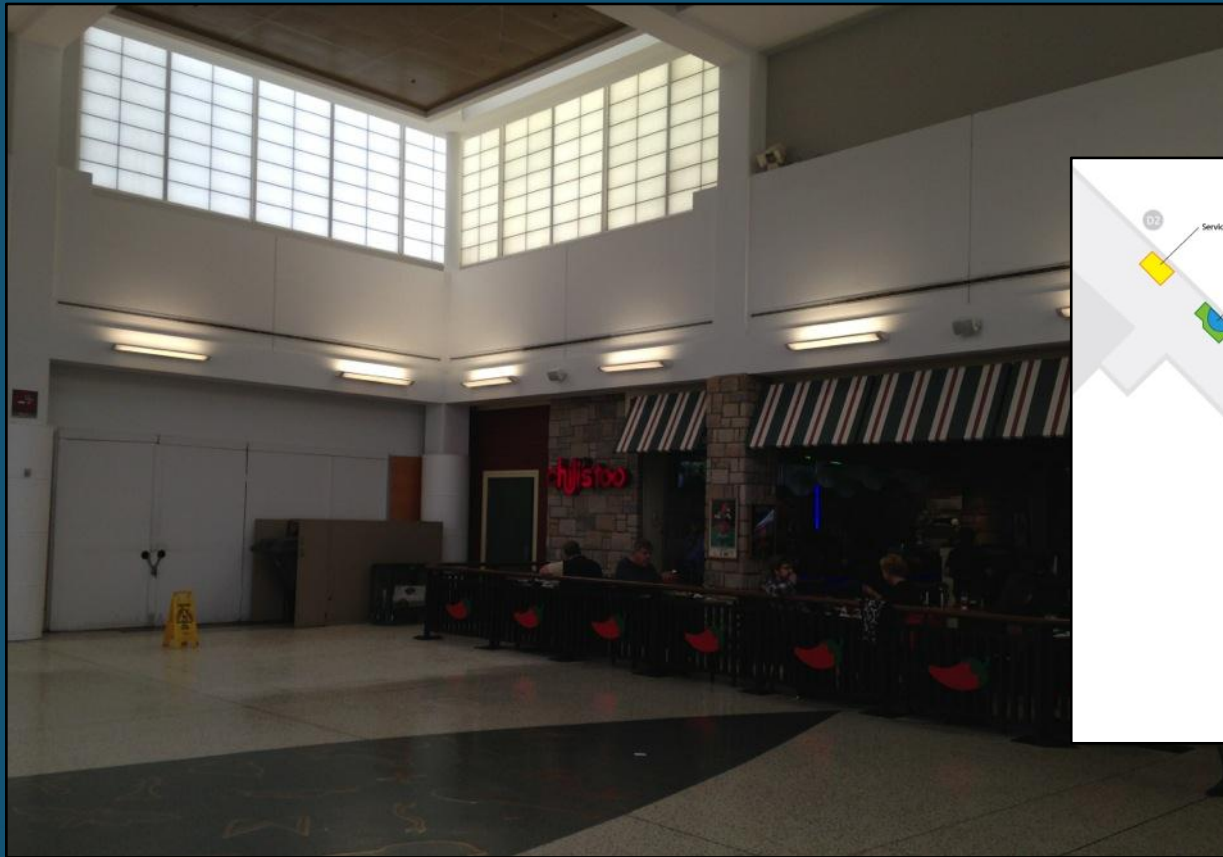
- Relocate Horizon Customer Service Center
- Relocate vertical mechanical chase to provide better access to tenant space
- Reconfigure spaces for maximum use of square footage
- Add/modify utilities in multiple locations
- Add grease interceptor
- Data/communications

# Concourse D



- Current available square footage: 10,993
- Required square footage: 23,509
- Eliminate one convenience retail
- Add children's play area
- Relocate single convenience retail to better location

# Concourse D



Merge vacant space into new 'street corner' retail

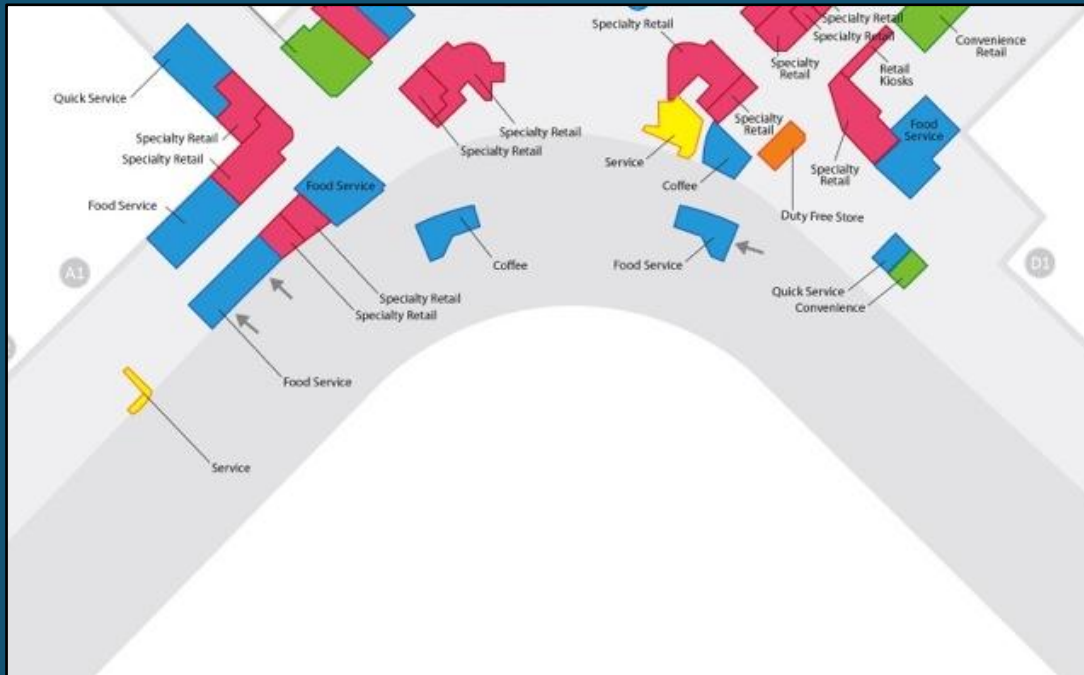


# Concourse D

## Scope of Work:

- Reconfigure space for better placement of food service & convenience retail
- Create new children's play area
- Data/communications

# Pre-Security



- Current available square footage: 16,651
- Supportable square footage: 15,958
- Reduce square footage for convenience retail
- Add new quick serve
- Still two coffee options

# Pre-Security



Divide unit in half to create new quick serve restarant

# Pre-Security

## Scope of Work:

- Create more food service to appeal to meeter/greeter and airport employees
- Relocate convenience retail to more appropriately sized space
- Data/communications

# Other Related Future Projects

No development without new capacity

- Central Terminal HVAC capacity
- Concourse C electrical capacity
- Program will bear some portion of cost

# Net Present Value

- Entire Project Investment: \$17,353,000
- Analysis over 20 years
- Discount rate: 7.5%
- Internal Rate of Return: 15%
- Net Present Value: \$21 million

# Mezzanine Dining – Keys to Success



Salt Lake International Airport:

- Strong brand name concept
- Striking sightline – bright, airy
- Obvious access

# Mezzanine Dining - Keys to Success



Dallas Ft. Worth International Airport:

- No strong brand name concept
- No strong sightline – dark, enclosed
- Unclear access



# Net Present Value Analysis Elevators Only

- Based on enplanements/sales forecasts
- 20-year investment
- Compared to - Do Nothing – scenario
- Compared to cost of expansion elsewhere
- Anthony's out of capacity by 2022
- Other capacity capped in 2026

Cost: \$6.7 million

IRR/Net Present Value: 9.3% / \$1,301,163