

Airport Dining & Retail Opportunities

Authorization Request

May 24, 2016

Agenda

- Airport Dining and Retail (ADR) Program support for the Century Agenda
- Commission Guidance and Goals for the ADR Program
- ADR Performance Metrics
- Lease Groups #1 and #2 Update
- Outreach Update
- Lease Group #3 Opportunities
- Competitive Process Description
- Evaluation Criteria
- Schedule for Next Steps

New slate of opportunities is ready for the marketplace

ADR Program support for the Century Agenda

The redevelopment of the ADR Program supports the Port's Century Agenda to create 100,000 new jobs.

These opportunities also support a number of the Century Agenda strategies and objectives:

- Advance this region as a leading tourism and business gateway;
- Promote small business growth and workforce development;
- Be the greenest and most energy efficient port in North America.

ADR advances the Century Agenda

Commission Guidance for the ADR Master Plan

- Encourage broad business participation;
- Use flexible competitive leasing processes to accommodate all types of business;
- Create new opportunities for small, disadvantaged and local businesses;
- Maximize employment continuity for qualified employees;
- Continue 'street pricing' of products and services;
- Improve efficiency and affordability in the unit build out process;
- Establish job quality expectations in competitive processes;
- Strengthen the local Pacific Northwest sense of place.

Specific Commission guidance for the ADR Program

Commission Goals for the ADR Master Plan

- Grow sales per enplanement by at least 40 percent;
- Reach and remain within the top 10 North American airports as ranked by sales per enplanement;
- Grow gross revenues to the Port by 50 percent;
- Grow employment by 40 percent;
- Grow the share of sales generated by small, disadvantaged, and/or local businesses to 40 percent;
- Create an aspirational objective of increasing ACDBE gross sales to 25 percent of total sales.

Specific Commission goals for the ADR Program

Airport Dining & Retail Performance

	2014	2015	% Change
ADR Total Program Gross Sales	\$248.3 million	\$271.5 million	9.4%
ACDBE Gross Sales	\$54.4 million	\$60.5 million	11.2%
% of Total ADR Program Gross Sales (Defined by 49 CFR, Part 23)	21.9%	22.2%	
Small Business Gross Sales	\$59.5 million	\$67.3 million	13.2%
% of Total ADR Program Gross Sales (Small Business Standard used by U.S. Small Business Administration)	23.9%	24.7%	
Local Business Gross Sales	\$58.4 million	\$64.9 million	11.1%
% of Total ADR Program Gross Sales (Brand must be recognized by travelling public as from Washington State; and the business must be headquartered in Washington State, or major sales in Washington State)	23.5%	23.9%	
Total Gross Sales from Small, Local & Disadvantaged Businesses	\$105.9 million	\$118.9 million	12.2%
% of Total ADR Program Gross Sales	42.6%	43.8%	
Sales per Enplanement	\$12.15	\$11.91	(2.0%)
Rank in U.S. Airports As reported by Airport Revenue News	22 nd	2015 rank not yet available	
Employment (full-time/part-time)	1362/278	1,475/342	8%/23%
ADR Revenue to POS	\$41.0 million	\$44.77 million	9.1%

Strong growth in ADR performance metrics

Lease Groups #1 and #2 Update

Lease Group #1:

- Lease agreements were executed on March 31, 2016
- Host and Hudson have begun design work

Lease Group #2:

- Commission authorized Lease Group #2 on December 4, 2015,
- 10 opportunities were advertised on December 10, 2015.
- Training sessions were held on January 19 and 20, 2016. 157 attendees representing 108 firms attended.
- Proposals were submitted on February 22, 2016.

Progress underway on Lease Groups 1 & 2

2016 Outreach Update

- Meetings with representatives of 20 concession businesses at the Airport Revenue News (ARN) Conference: Dallas, TX March 6-9
- Presentation of proposed Lease Group #3 opportunities to 75 concession representatives at Airport Council International (ACI-NA) 'Business of Airports' Conference: Orlando, FL April 4-6
- 490 companies registered on the ADR leasing website

Multi-front effort to reach the community

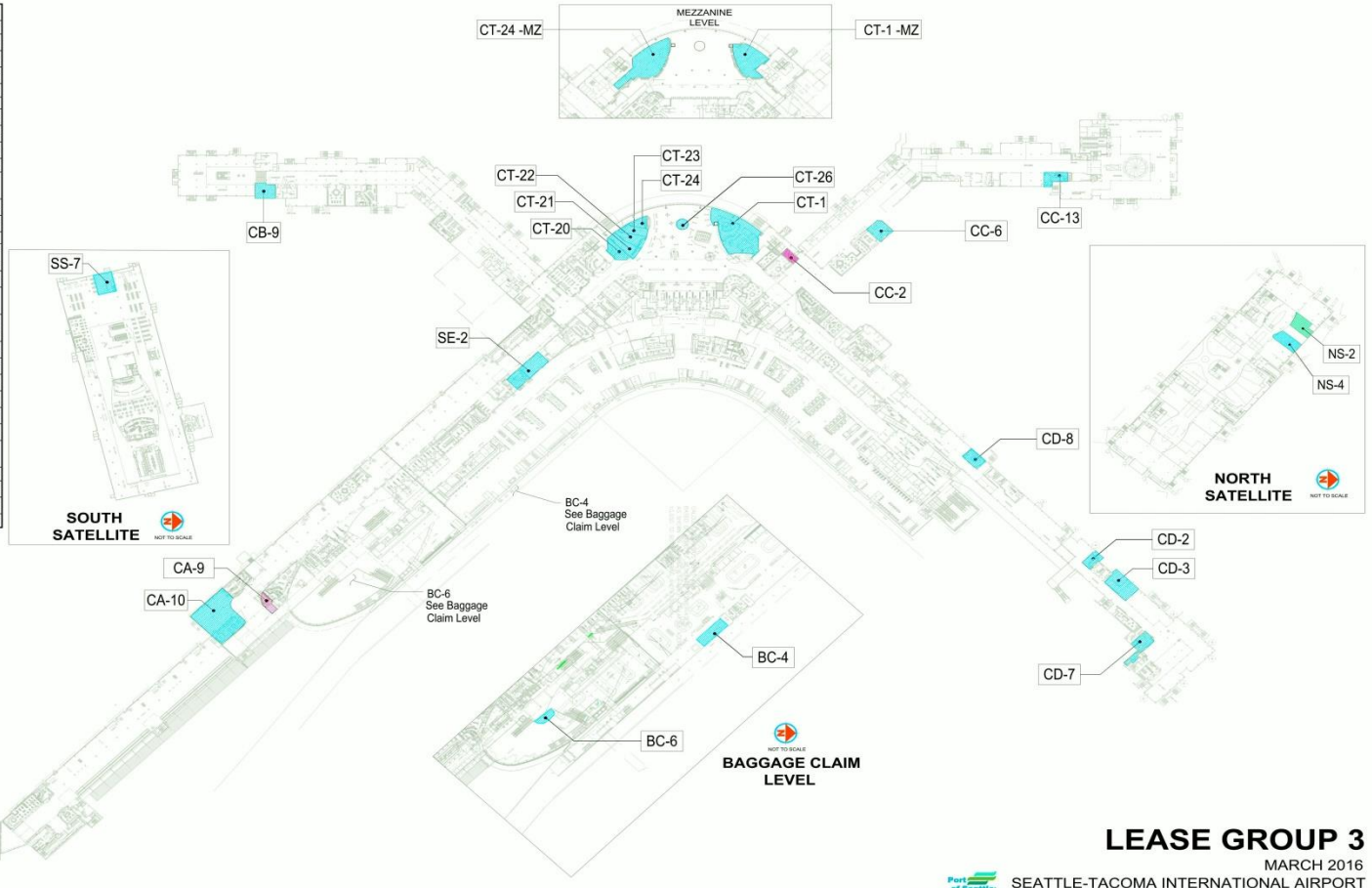
Lease Group #3

Overall Locations

LARGE FOOD PACKAGE		
#1	BC-6	1181 SF
	CC-13	1099 SF
	CD-2	780 SF
	CD-7	2183 SF
CB-9	1327 SF	
#3	CA-10	7077 SF
	CT-21	1387 SF
	SS-7	1519 SF
	CT-26	457 SF
SMALL FOOD PACKAGE		
#4	BC-4	1457 SF
	CD-8	990 SF
#7	CT-24 & CT-24 MZ	678 SF
	NS-2	5952 SF
		2635 SF
SINGLE FOOD UNITS		
#1	CT-1 & CT-1 MZ	7086 SF
		4164 SF
#5	CC-6	1287 SF
#9	CD-3	2285 SF
#11	CT-23	983 SF
#12	CT-22	1156 SF
#15	CT-20	1142 SF
#16	SE-2	2640 SF
LARGE RETAIL PACKAGE		
#1	CA-9	726 FS
	CC-2	587 SF
	NS-4	2538 SF
	RCF-1*	720 SF

* LOCATION NOT SHOWN ON MAP

-  Retail - News
-  Food Service
-  Retail - Specialty



LEASE GROUP 3

MARCH 2016

SEATTLE-TACOMA INTERNATIONAL AIRPORT

Part of Seattle-Tacoma International Airport Master Plan, 2011-2025. Lease Group 3 Map. See also: Lease Group 1 Map, Lease Group 2 Map, Lease Group 4 Map, Lease Group 5 Map, Lease Group 6 Map, Lease Group 7 Map, Lease Group 8 Map, Lease Group 9 Map, Lease Group 10 Map, Lease Group 11 Map, Lease Group 12 Map, Lease Group 13 Map, Lease Group 14 Map, Lease Group 15 Map, Lease Group 16 Map, Lease Group 17 Map, Lease Group 18 Map, Lease Group 19 Map, Lease Group 20 Map, Lease Group 21 Map, Lease Group 22 Map, Lease Group 23 Map, Lease Group 24 Map, Lease Group 25 Map, Lease Group 26 Map, Lease Group 27 Map, Lease Group 28 Map, Lease Group 29 Map, Lease Group 30 Map, Lease Group 31 Map, Lease Group 32 Map, Lease Group 33 Map, Lease Group 34 Map, Lease Group 35 Map, Lease Group 36 Map, Lease Group 37 Map, Lease Group 38 Map, Lease Group 39 Map, Lease Group 40 Map, Lease Group 41 Map, Lease Group 42 Map, Lease Group 43 Map, Lease Group 44 Map, Lease Group 45 Map, Lease Group 46 Map, Lease Group 47 Map, Lease Group 48 Map, Lease Group 49 Map, Lease Group 50 Map, Lease Group 51 Map, Lease Group 52 Map, Lease Group 53 Map, Lease Group 54 Map, Lease Group 55 Map, Lease Group 56 Map, Lease Group 57 Map, Lease Group 58 Map, Lease Group 59 Map, Lease Group 60 Map, Lease Group 61 Map, Lease Group 62 Map, Lease Group 63 Map, Lease Group 64 Map, Lease Group 65 Map, Lease Group 66 Map, Lease Group 67 Map, Lease Group 68 Map, Lease Group 69 Map, Lease Group 70 Map, Lease Group 71 Map, Lease Group 72 Map, Lease Group 73 Map, Lease Group 74 Map, Lease Group 75 Map, Lease Group 76 Map, Lease Group 77 Map, Lease Group 78 Map, Lease Group 79 Map, Lease Group 80 Map, Lease Group 81 Map, Lease Group 82 Map, Lease Group 83 Map, Lease Group 84 Map, Lease Group 85 Map, Lease Group 86 Map, Lease Group 87 Map, Lease Group 88 Map, Lease Group 89 Map, Lease Group 90 Map, Lease Group 91 Map, Lease Group 92 Map, Lease Group 93 Map, Lease Group 94 Map, Lease Group 95 Map, Lease Group 96 Map, Lease Group 97 Map, Lease Group 98 Map, Lease Group 99 Map, Lease Group 100 Map.

New slate of opportunities is ready for the marketplace

Lease Group #3

Food Service Large Packages

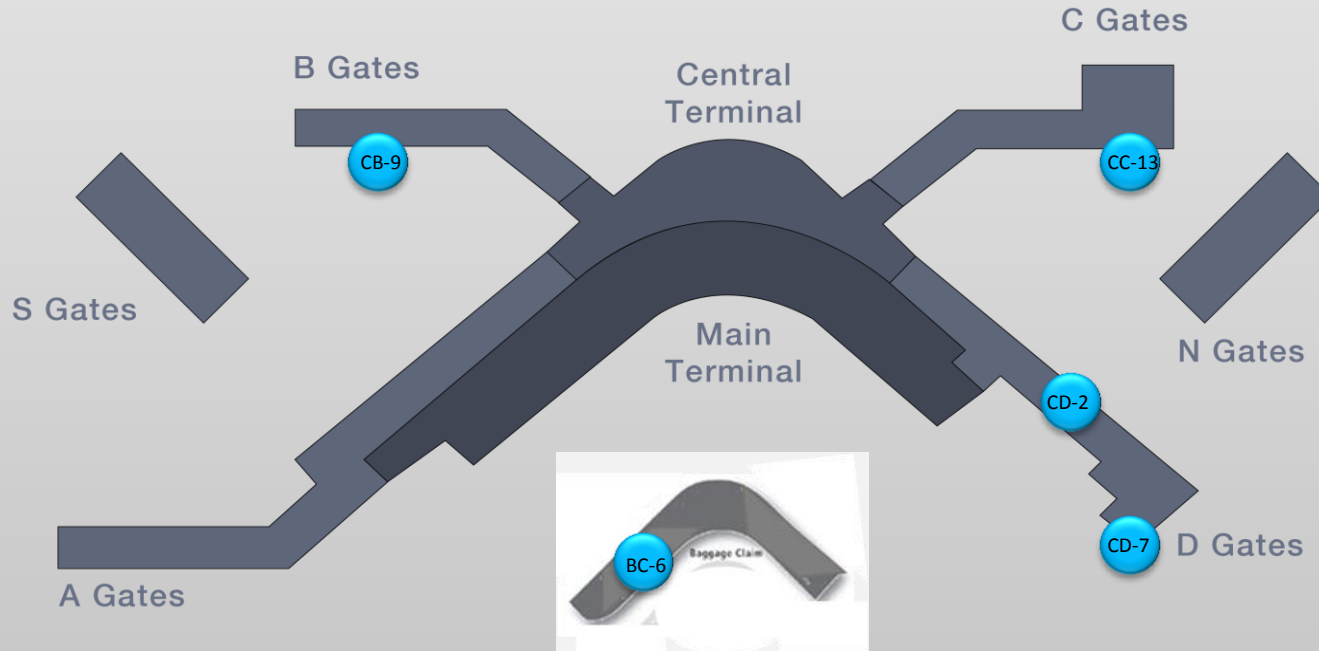
- Large Food Package 1: 5 units including:
 - a bar with food (CD-7);
 - a fast casual restaurant serving Asian food (CB-9);
 - a wine bar with an emphasis on Washington State wines and craft beers as well as serving food (CC-13);
 - a combined coffee and bar unit with light food (BC-6);
 - a quick service restaurant offering healthy food (CD-2)
- Large Food Package 3: 4 units including:
 - an upscale bar with food (SS-7);
 - a marché (food hall) including a gourmet market and bar (minimum of wine and beer) (CA-10);
 - a quick service restaurant focused on Mediterranean or Asian food (CT-21);
 - a sushi bar (CT-26)

New slate of opportunities is ready for the marketplace

Food Service – Large Package 1

Lease Terms

- Length of Lease: 10 years
- Rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$480 - \$550 per sq. ft. (6,001 sq. ft.)

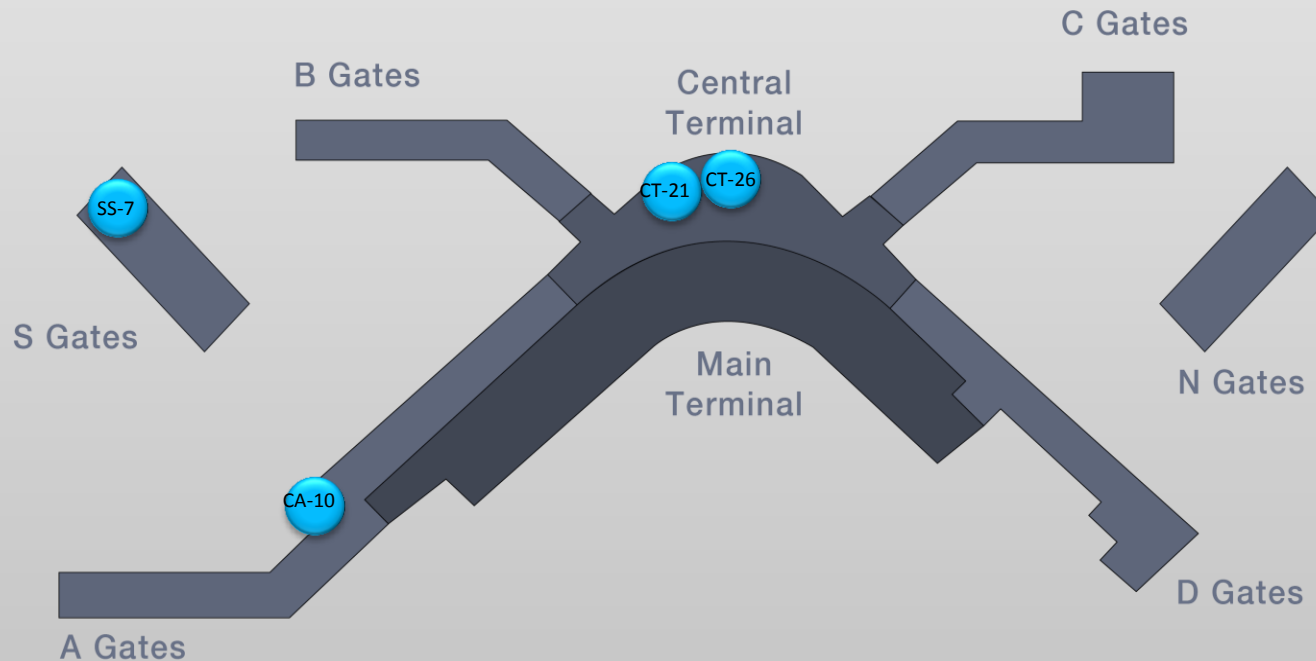


New slate of opportunities is ready for the marketplace

Food Service – Large Package 3

Lease Terms

- Length of Lease: 10 years
- Rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$400 - \$675 per sq. ft. (10,490 sq. ft.)



New slate of opportunities is ready for the marketplace

Lease Group #3

Food Service Small Packages

- **Small Food Package 4 with 2 units:**
 - a gourmet coffee and newsstand (CD-8);
 - a gourmet coffee and newsstand (BC-4)

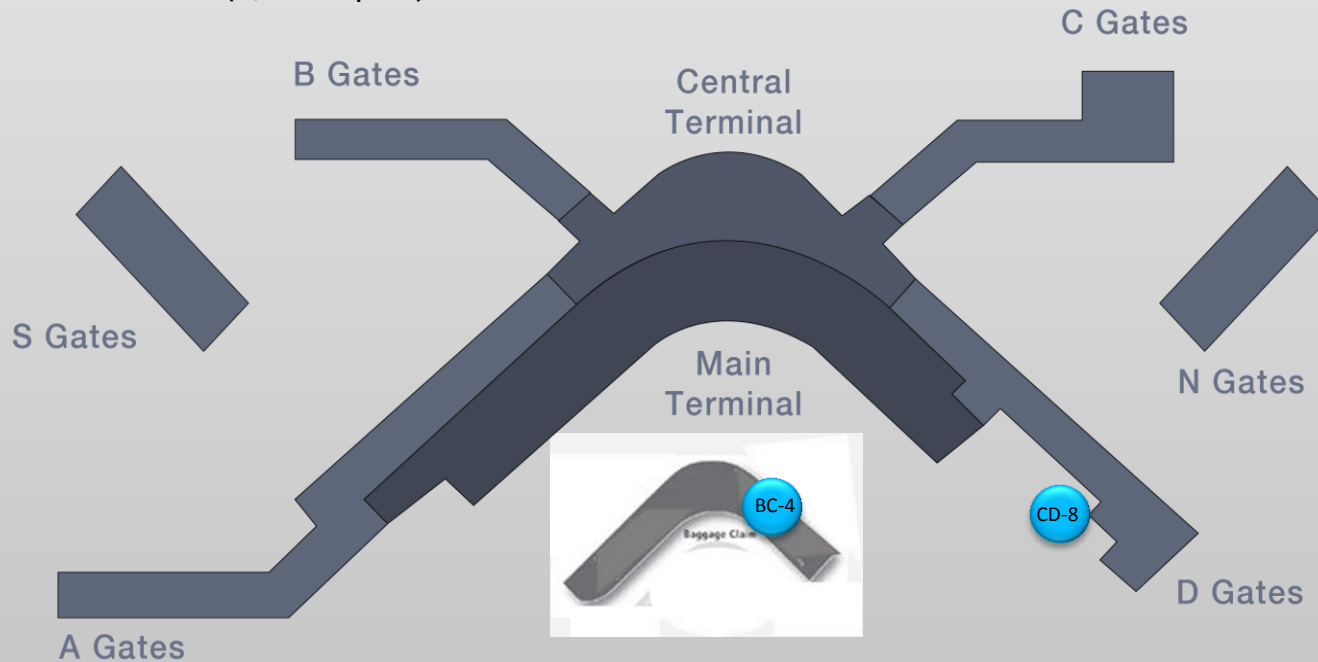
- **Small Food Package 7 with 2 units:**
 - a casual dining restaurant on the Central Terminal mezzanine associated with a concourse-level unit for a bar, market, and/or grab'n go options (CT-24 & CT-24MZ);
 - a bar with food (NS-2);

New slate of opportunities is ready for the marketplace

Food Service – Small Package 4

Lease Terms

- Length of Lease: 10 years
- Rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$400 - \$500 per sq. ft. (2,447 sq. ft.)

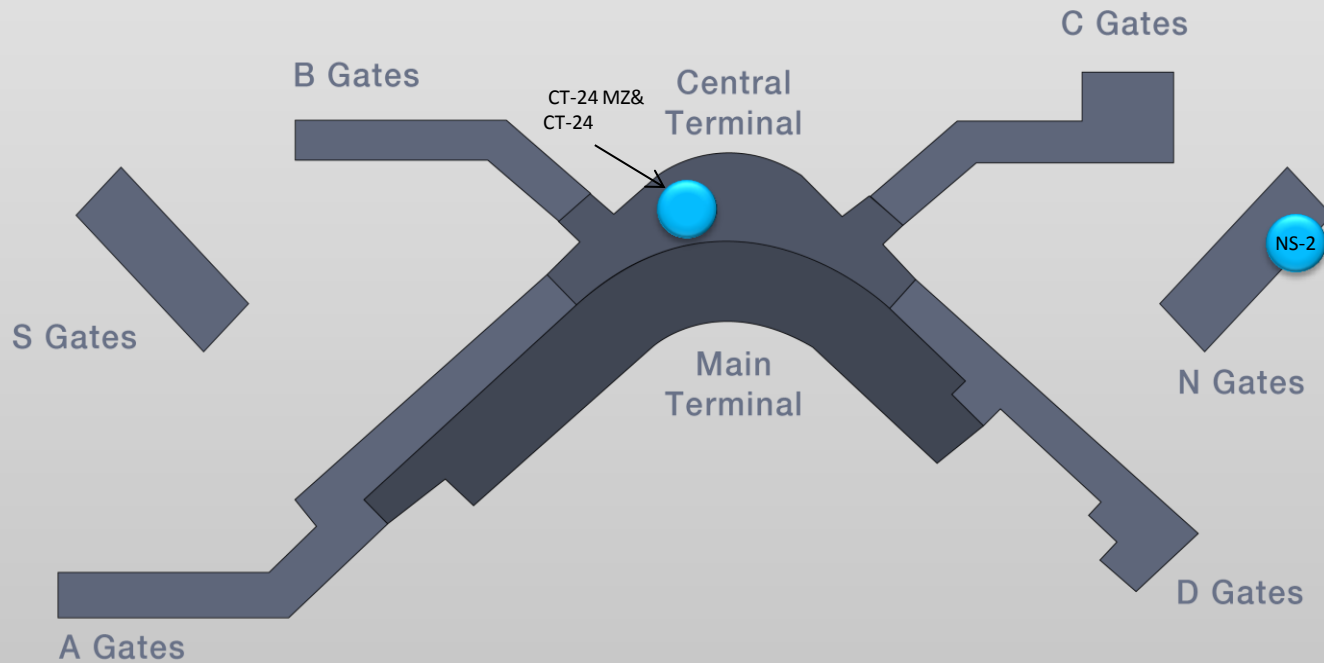


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Food Service – Small Package 7

Lease Terms

- Length of Lease: 10 years
- Rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$400 - \$520 per sq. ft. (9,210 sq. ft.)



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Lease Group #3

Food Service Single Units

- Single Unit 1: A casual dining restaurant (CT-1, CT-1MZ);
- Single Unit 5: A gourmet burger restaurant with a bar (CC-6);
- Single Unit 9: A bistro-style casual dining restaurant (CD-3);
- Single Unit 11: A quick service restaurant serving healthy foods emphasizing salads (CT-23);
- Single Unit 12: A quick service restaurant serving Italian food/pizza (CT-22);
- Single Unit 15: A quick service restaurant serving seafood (CT-20);
- Single Food Unit 16: A diner-style casual dining restaurant (SE-2)

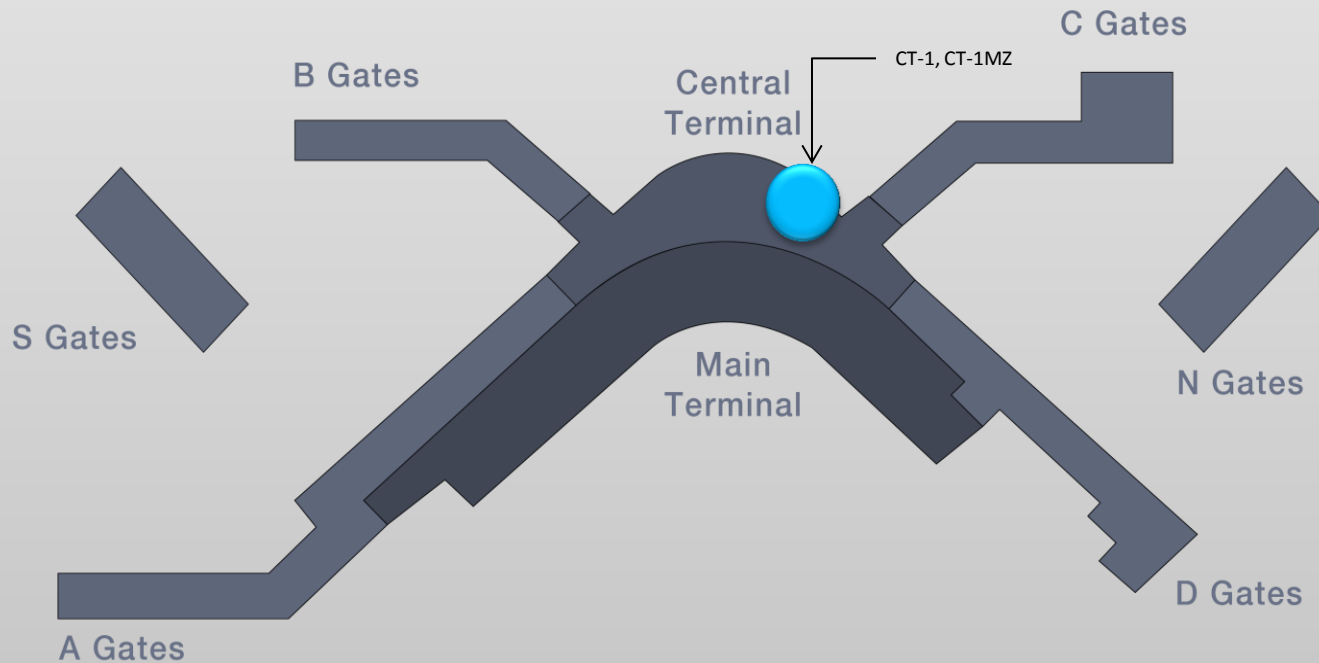
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Food Service – Single Unit 1

A casual dining restaurant

Lease Terms

- Length of Lease: 10 years
- Rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$430 per sq. ft. (10,885 sq. ft.)



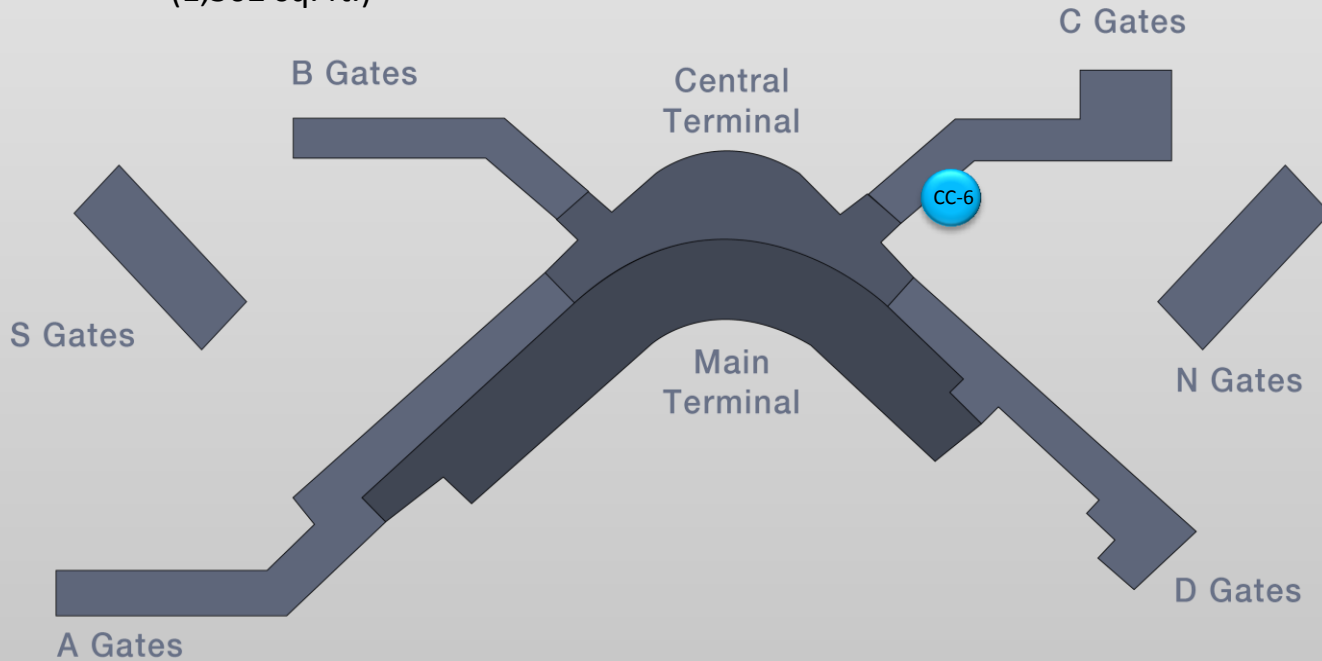
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Food Service – Single Unit 5

A gourmet burger restaurant w/ bar

Lease Terms

- Length of Lease: 10 years
- Rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$490 per sq. ft. (1,302 sq. ft.)



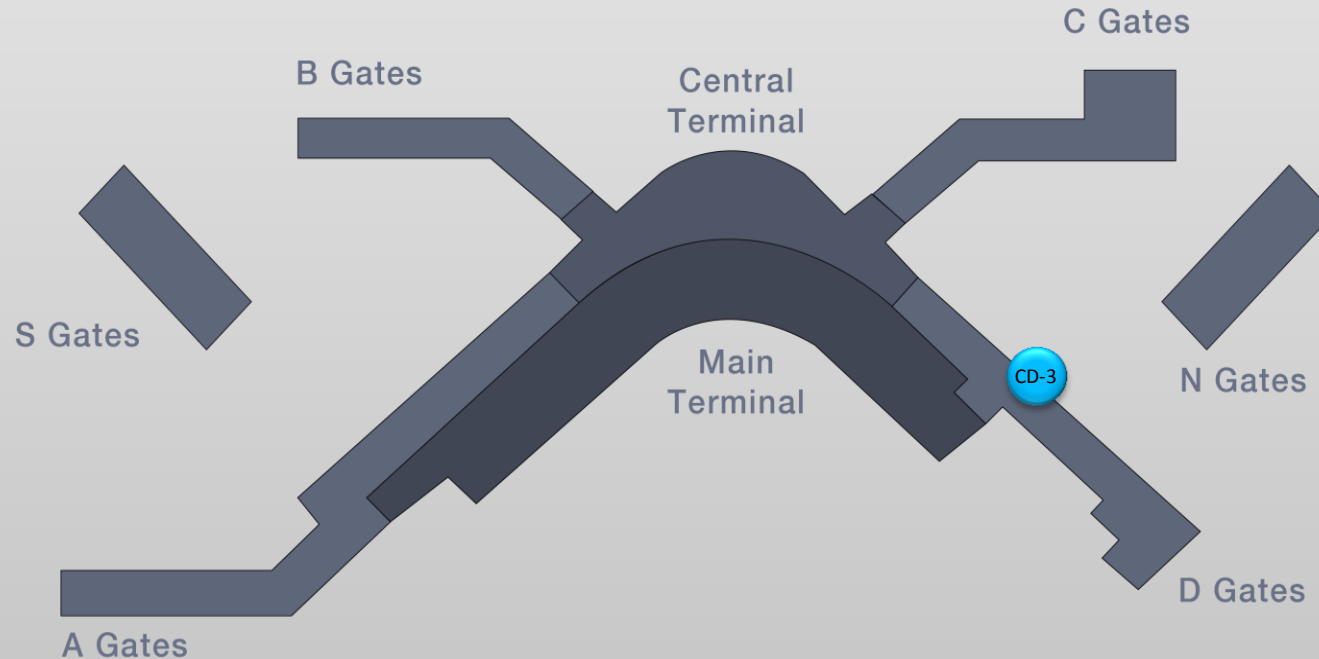
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Food Service – Single Unit 9

A bistro-style casual dining restaurant

Lease Terms:

- Length of lease: 10 years
- Rent proposed as flat or tiered percentage
- Minimum guaranteed rent
- Minimum capital investment: \$550 per sq. ft. (2,306 sq. ft.)



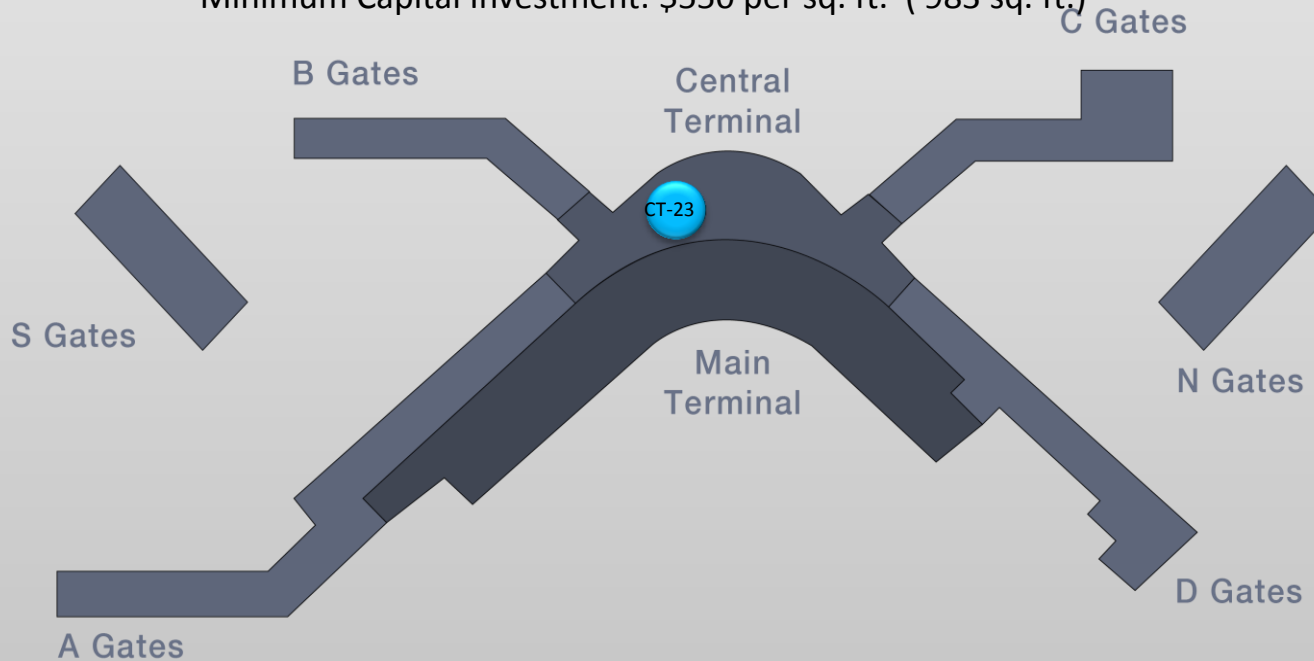
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Food Service – Single Unit 11

A quick service restaurant serving healthy foods emphasizing salads

Lease Terms

- Length of Lease: 10 years
- Rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$550 per sq. ft. (983 sq. ft.)



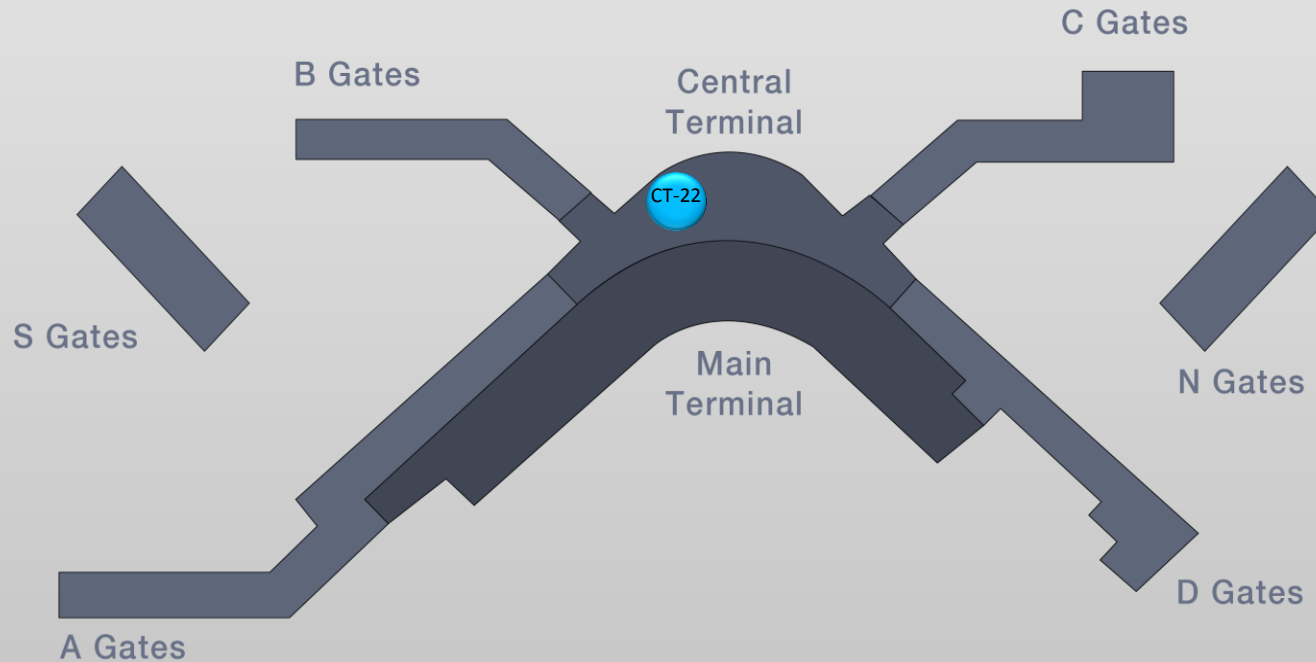
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Food Service – Single Unit 12

Quick service restaurant serving Italian food/pizza

Lease Terms

- Length of Lease: 10 years
- Rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$600 per sq. ft. (1,156 sq. ft.)



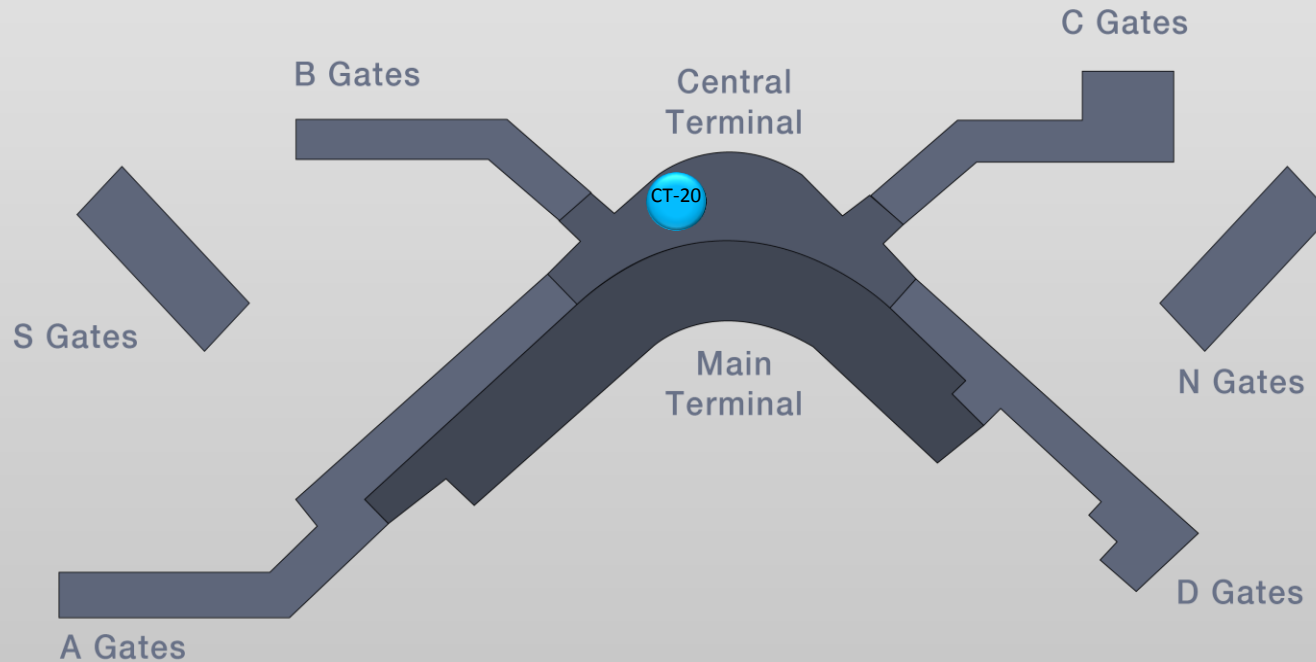
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Food Service – Single Unit 15

Quick service restaurant serving seafood

Lease Terms

- Length of Lease: 10 years
- Rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$600 per sq. ft. (1,142 sq. ft.)



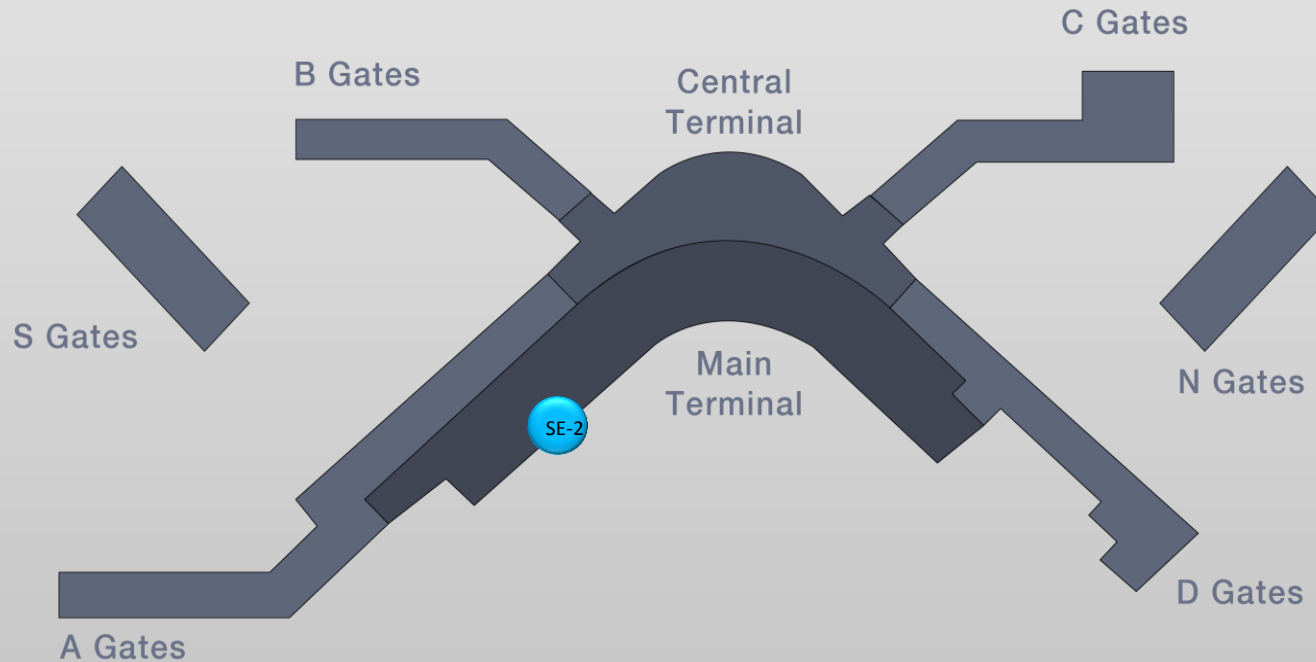
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Food Service – Single Unit 16

Diner-style casual dining restaurant

Lease Terms

- Length of Lease: 10 years
- Rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$480 per sq. ft. (2,640 sq. ft.)



New slate of opportunities is ready for the marketplace

Lease Group #3

Retail Large Package

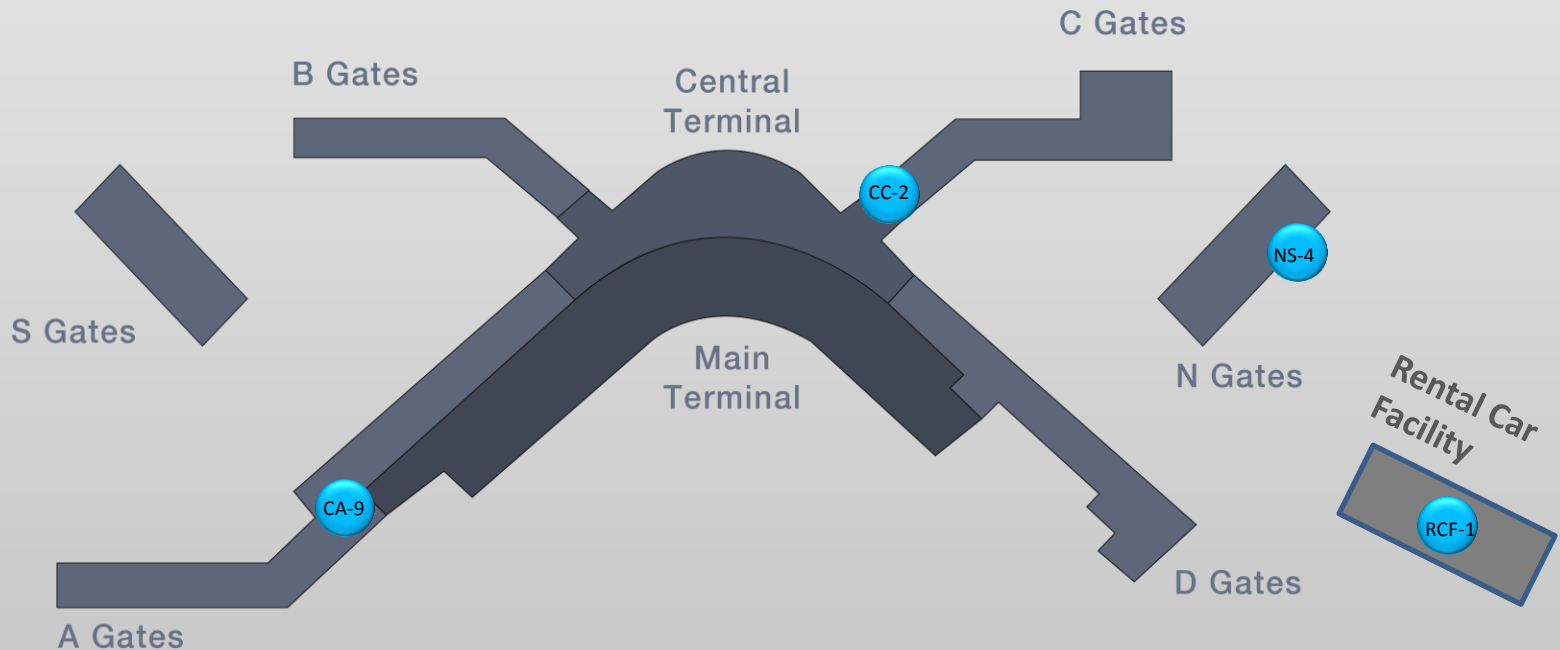
- Large Retail Package 1 with 4 units:
 - a specialty retail store with a local theme (CC-2);
 - a specialty retail store selling jewelry and/or accessories (CA-9)
 - A grab'n go market with coffee, news and sundries(RCF-1);
 - a convenience store/newsstand (NS-4);

New slate of opportunities is ready for the marketplace

Retail – Large Package 1

Lease Terms

- Length of Lease: 8 years
- Rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$400 - \$450 per sq. ft. (4,582 sq. ft.)



New slate of opportunities is ready for the marketplace

Competitive Process Overview

Competitive Evaluation Process (CEP)

- Simplified process for 1-3 unit opportunities
- Tailored to capabilities of small business
- Submittals evaluated by team of Port staff and 1-2 community members as advisors

Competitive reflects Commission guidance

Competitive Process Overview

Request for Proposal (RFP)

- Use for packages with 4 or more units or single units requiring large investments
- Geared toward large companies with small business participation
- Will use same criteria and point allocation as CEP process
- Requires companies to submit greater detail and demonstrate greater financial capability

Competitive reflects Commission guidance

Established Evaluation Criteria

Company Experience, Financial Capability:	20 points (13%)
Concept Development:	25 points (17%)
Unit Design, Materials and Capital Investment:	25 points (17%)
Financial Projections and Rent Proposal:	20 points (13%)
Management, Staffing and Environmental:	20 points (13%)
Job Quality, Employment and Service Continuity:	20 points (13%)
Small Business Participation:	20 points (13%)
TOTAL POINTS	150 points (100%)

Establish evaluation criteria balance values important to the Port

Lease Group 3 Schedule

Projected Date	Action
May 24, 2016	Brief Commission on Lease Group #3 opportunities
June 14, 2016	Request for Commission authorization of Lease Group #3 opportunities
Late June 2016	Advertise opportunities (leasing website and through various local and national media)
Early July 2016	Tours and training sessions for interested businesses
Late June through late September 2016	90 days for proposal preparation
Late September 2016	Responses due
Late November 2016	Port Evaluation Team completes their decisions
Early December 2016	Notification to successful proposers Update Commission on Lease Group 3 results
December 2016	Lease negotiations and execution

Efficient schedule from advertisement of opportunities to lease execution