

To: Commissioners
From: Ted Fick, Chief Executive Officer
Date: November 11, 2015
Re: Quality Jobs direction for Airport Dining and Retail leases

On November 25, 2014, the Port Commission adopted a motion regarding quality jobs, service and employment continuity within the Sea-Tac Airport Dining and Retail (ADR) program. The motion provided policy direction for development of a robust ADR program with expanded business opportunities along with support for creation of stable employment paying living wages with good benefits.

For leases expiring in 2015 or later, the Port intends to utilize a combination of prime lessees/operators and direct leases with small, local, and/or disadvantaged businesses. The motion directed the Chief Executive Officer to incorporate the following expectations as elements of the solicitation for airport dining and retail leases:

- Quality jobs, including living wages, paid time off and health care benefits
- Participation in an employment continuity pool
- Good-faith discussions with labor organizations representing incumbent employees.

On November 5, 2013, voters in the City of SeaTac adopted Proposition 1 which established minimum standards for wages and minimum standards for paid leave and sick and safe time for workers in the hospitality and transportation industries within the city. On August 20, 2015, the state Supreme Court ruled in the case of Filo Foods, LLC et al vs the City of SeaTac (Case No. 89723-9) that the city's Ordinance No. 13-1020 extends to transportation and hospitality workers at Sea-Tac Airport. Based on the Supreme Court's decision, the staff will interpret the Commission's Quality Jobs expectations to require the following from respondents to future airport dining and retail lease opportunities:

- For 2016, wages shall be paid at the rate of \$15.24 per hour. The wage rate shall be adjusted on January 1 of each year by the rate of inflation. The increase shall be calculated to the nearest cent using the CPA for urban wage earners and clerical workers, CPI-W, or a successor index, for 12 months prior to each September 1 as calculated by the US Department of Labor.
- Payment of sick and safe time, which shall be accrued at the rate of one hour for every 40 hours worked.
- Provide health insurance to full-time employees, consistent with the Affordable Care Act.

As stated in the November 25, 2014 motion, the criteria for selecting a prospective operator shall include the commitment by prospective prime operators/lessees to hire employees and by other prospective operators to interview from the Employment Continuity Pool before considering applicants outside the Pool.

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The CEO will implement the Commission's expectations regarding quality jobs, service and employment continuity in Requests for Proposals, Competitive Evaluations or contracting processes.

On November 24th the Commission is scheduled to address a proposal to change the Port's policy regarding street pricing to enable Airport Dining and Retail tenants to adjust to the wage and benefit expectations and regulations. Details of that proposal will be in a separate Commission memo.