

# Airport Dining & Retail Lease Group 4 Opportunities

Authorization Request

June 27, 2017

# Agenda

- Commission Guidance and Goals for the ADR Program
- Lease Group 4 Opportunities
- Competitive Process Description
- Evaluation Criteria
- Schedule for Next Steps

Providing new dining and retail opportunities at the Airport

# 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.

Support a mix of businesses that create quality jobs

# 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.

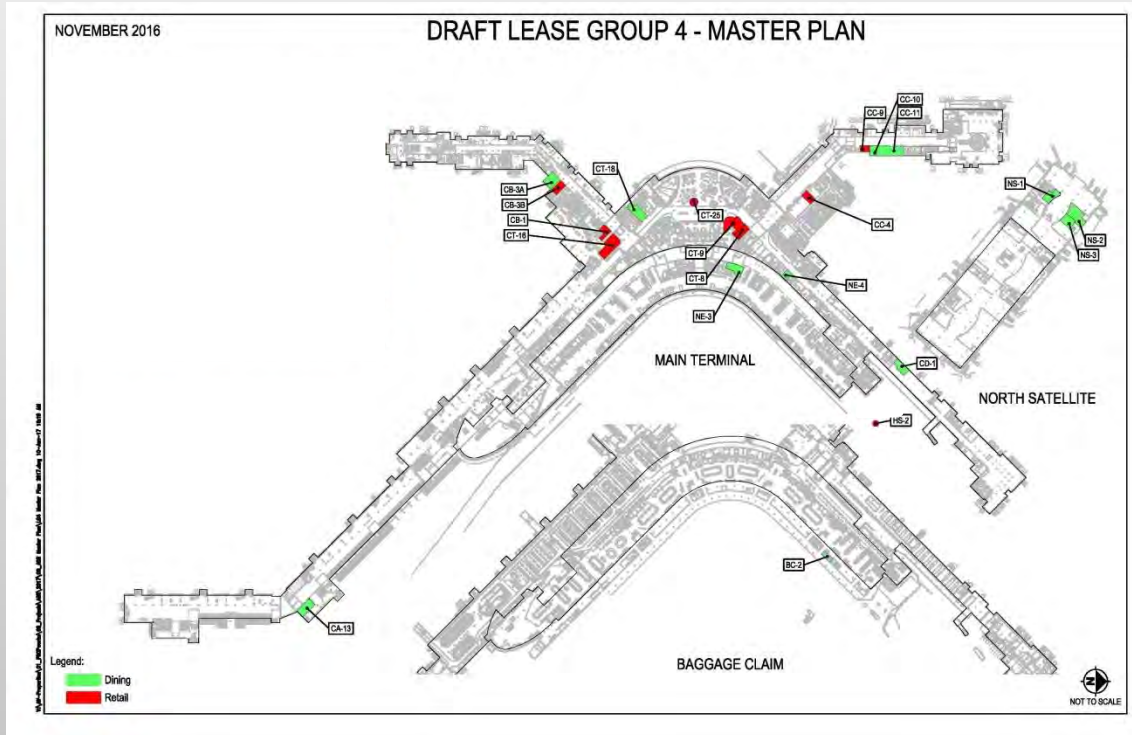
ADR opportunities grow with the Airport

# Lease Group 4 Packages

Category	Package #	# of Locations (Unit #)	Approximate sf
Food & Beverage	LG4 CEP F-1	1 (NS-3)	1,400
	LG4 CEP F-2	1 (NS-1)	1,300
	LG4 CEP F-3	1 (CT-18)	1,600
	LG4 CEP F-4	1 (CC-11)	2,800
	LG4 CEP F-5	2 (NE-3, CB-3A)	3,000
	LG4 CEP F-6	2 (NE-4, CC-10)	1,450
	LG4 RFP F-7	4 (CA-13, BC-2, NS-2, CD-1)	5,800
Retail	LG4 CEP R-1	1 (CT-8)	1,500
	LG4 CEP R-2	1 (CB-3B)	1,100
	LG4 CEP R-3	1 (CT-9)	2,100
	LG4 CEP R-4	1 (CT-16)	2,400
	LG4 RFP R-5	5 (CB-1, CC-4, CC-9, HS-2, CT-25)	3,200

New slate of opportunities is ready for the marketplace

# Lease Group 4 Opportunities



Lease Group 4 opportunities are spread throughout the terminal

# Lease Group 4 Food & Beverage Packages

- LG4 CEP F-1: 1 unit - a fast casual restaurant with an open concept (no restrictions) (NS-3)
- LG4 CEP F-2: 1 unit - a gourmet coffee stand (NS-1)
- LG4 CEP F-3: 1 unit - a wine bar with food and beer (CT-18)
- LG4 CEP F-4: 1 unit - a casual dining restaurant with an open concept (no restrictions) (CC-11)
- LG4 CEP F-5: 2 units including:
  - a gourmet market with a deli (CB-3A);
  - a gourmet market with a bar (NE-3)
- LG4 CEP F-6: 2 units including:
  - quick service delis (NE-4 and CC-10)
- LG4 RFP F-7: 4 units including:
  - a bar with food (CA-13);
  - a gourmet coffee unit (BC-2);
  - a bar with food (NS-2);
  - a quick service restaurant with a chicken or BBQ concept (CD-1)

New slate of food and beverage opportunities

# Lease Group 4 Retail Packages

- LG4 CEP R-1: 1 unit – a local theme (CT-8)
- LG4 CEP R-2: 1 unit – an open concept (no restrictions) (CB-3B)
- LG4 CEP R-3: 1 unit – life style/adventurewear apparel (CT-9)
- LG4 CEP R-4: 1 unit – life style/adventurewear apparel (CT-16)
- LG4 RFP R-5: 5 units including:
  - an open concept (no restrictions) (CB-1);
  - an open concept (no restrictions) (CC-4);
  - jewelry/accessories (CC-9);
  - newsstand with coffee (HS-2);
  - jewelry/accessories (CT-25)

New slate of retail opportunities



# Solicitation Process Overview

## Competitive Evaluation Process (CEP)

- Simplified process for 1-3 unit opportunities
- Tailored to capabilities of small business

## Request for Proposal (RFP)

- Used for packages with 4 or more units or a single unit requiring large investments
- Tailored to capabilities of large companies with small business participation
- Requires companies to submit greater detail and demonstrate greater financial capability

Competitive process reflects Commission guidance

# Proposed Changes to LG 4 Solicitation Process

## CEP and RFP

- **Proposition 1 Compliance:** Firms who are not fully compliant with Prop 1 back wages and benefits will be disqualified from participation.
- **Scoring the Quality Jobs Criterion:** A greater emphasis will be placed on proposed wages and medical/retirement benefits in the scoring of this criterion. A quantitative-formula-based methodology will be utilized for evaluating wages and medical/retirement benefits.
- **Scoring the Small Business Participation Criterion:** The scoring system will be revised as follows:
  - Small businesses that propose directly will still automatically receive 10 points.
  - Prime operators that propose a joint venture with a small business and that agreement meets the FAA guidelines for joint ventures and includes a minimum of 20% share of capital investment will automatically receive 5 points.
  - Small businesses that operate franchises of national brands will receive 5 points.

Competitive process reflects Commission guidance

# Proposed Changes to LG 4 Solicitation Process

## CEP and RFP (cont'd)

- **Preference for Local Concepts:** 10 points of the Concept Development criterion (25 points total) will be allocated to the evaluation of the concept as it pertains to creating a Northwest Sense of Place within the Airport.
- **Labor Peace Agreements:** A labor peace requirement will be implemented as follows:
  - All non-exempt respondents must submit a labor peace agreement with their proposal.
  - The Port would have no role in reviewing or establishing the terms of these agreements.
  - Small businesses which have 35 or fewer badged airport employees would be exempted.
  - Small businesses that operate franchises of national brands would not be exempted.

Competitive process reflects Commission guidance

# Proposed Changes to LG 4 Solicitation Process

## CEP and RFP (cont'd)

- **Non-competitive selection of ADR tenants:** While the competitive process may produce results that fall short in achieving key policy objectives for this program due to the combined criteria used in the scoring process, staff will retain competition for all LG 4 opportunities.

Competitive process 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%)
<b>TOTAL POINTS</b>	<b>150 points (100%)</b>

\*scoring criteria modified based on recommendations to solicitation process

Evaluation criteria support Commission priorities

# Lease Group 4 Schedule

Projected Date	Action
June 13, 2017	Briefed Commission on Lease Group 3 results, insights from the LG 3 solicitation process and proposed leasing opportunities in Lease Group 4
June 27, 2017	Request Commission authorization to solicit proposals for Lease Group 4 opportunities
June 30, 2017	Advertise opportunities (leasing website and through various local and national media)
July 2017	Tours and training sessions for interested businesses
July through September 2017	90 days for proposal preparation
End of September, 2017	Responses due
Early December, 2017	Port teams complete their evaluations
Late December 2017/Early January 2018	Notification to preferred respondents Update Commission on Lease Group 4 results
January/February 2018	Lease negotiations and executions

Lease Group 4 is ready for release

# APPENDIX



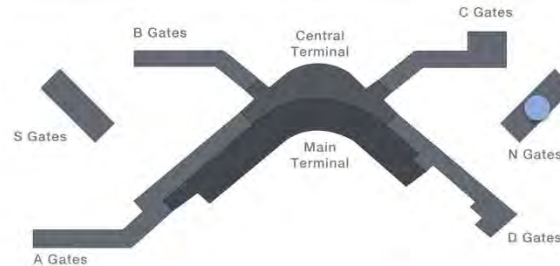
Target Issue Date:  
June 30, 2017Target Award Date:  
January 2018Target Unit Open:  
February 2019**Method of Competition: Competitive Evaluation**

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 30 jobs

**Lease Terms**

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$520 per sq. ft.

Unit No.	Location	Approximate Sq. Ft.	Concept
NS-3	North Satellite	1,400	Fast Casual – Open Concept

SEATTLE-TACOMA INTERNATIONAL AIRPORT  
Part of Seattle

New slate of food and beverage opportunities is ready for the marketplace



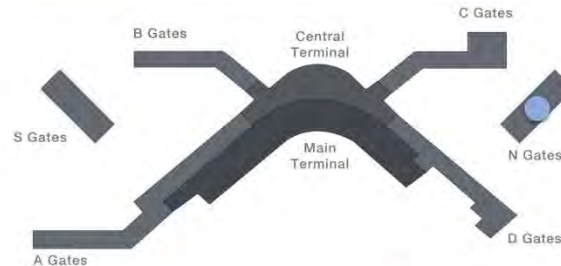
Target Issue Date:  
June 30, 2017Target Award Date:  
January 2018Target Unit Open:  
February 2019**Method of Competition: Competitive Evaluation**

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 20 jobs

**Lease Terms**

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$525 per sq. ft.

Unit No.	Location	Approximate Sq. Ft.	Concept
NS-1	North Satellite	1,300	Gourmet Coffee



New slate of food and beverage opportunities is ready for the marketplace

Target Issue Date:  
June 30, 2017Target Award Date:  
January 2018Target Unit Open:  
March 2019

## Method of Competition: : Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 20 jobs

## Lease Terms

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$460 per sq. ft.

Unit No.	Location	Approximate Sq. Ft.	Concept
CT-18	Central Terminal	1,600	Wine Bar with Food & Beer

SEATTLE-TACOMA INTERNATIONAL AIRPORT  
Port of Seattle

New slate of food and beverage opportunities is ready for the marketplace

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February 2019

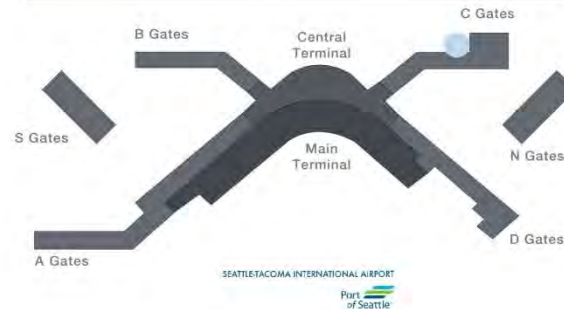
## Method of Competition: : Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 30 jobs

## Lease Terms

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$475 per sq. ft.

Unit No.	Location	Approximate Sq. Ft.	Concept
CC-11	Concourse C	2,800	Casual Dining – Open Concept



New slate of food and beverage opportunities is ready for the marketplace

Target Issue Date:  
June 30, 2017Target Award Date:  
January 2018Target First Unit Open:  
December 2018

## Method of Competition: Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 40 jobs

## Lease Terms

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment range depending on unit: \$425 - \$500 per sq. ft.

Unit No.	Location	Approximate Sq. Ft.	Concept
NE-3	North Esplanade	1,500	Gourmet Market & Bar
CB-3A	Concourse B	1,500	Gourmet Market w/Deli
Total		3,000	



New slate of food and beverage opportunities is ready for the marketplace

Target Issue Date:  
June 30, 2017Target Award Date:  
January 2018Target First Unit Open:  
January 2019

## Method of Competition: Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 35 jobs

## Lease Terms

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment range depending on unit: \$390 - \$440 per sq. ft.

Unit No.	Location	Approximate Sq. Ft.	Concept
NE-4	North Esplanade	600	Quick Service Deli
CC-10	Concourse C	850	Quick Service Deli
Total		1,450	



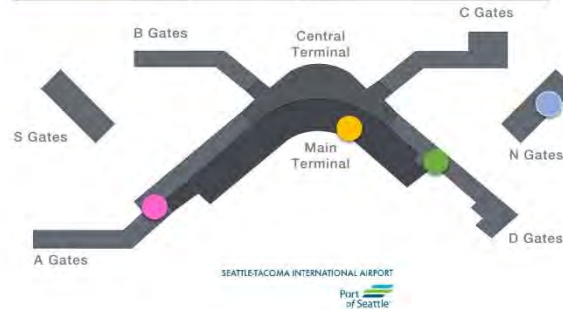
New slate of food and beverage opportunities is ready for the marketplace

Target Issue Date:  
June 30, 2017Target Award Date:  
January 2018Target First Unit Open:  
Q1 2019Method of Competition: Request for Proposals  
• Creation of approximately 95 jobs

## Lease Terms

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment range depending on unit: \$375 - \$550 per sq. ft.

Unit No.	Location	Approximate Sq. Ft	Concept
CA-13	Concourse A	1,500	Bar with Food
BC-2	Baggage Claim	500	Gourmet Coffee
NS-2	North Satellite	2,600	Bar with Food
CD-1	Concourse D	1,200	Quick Service – Chicken or BBQ
Total		5,800	



New slate of food and beverage opportunities is ready for the marketplace

Target Issue Date:  
June 30, 2017Target Award Date:  
January 2018Target Unit Open:  
December 2018

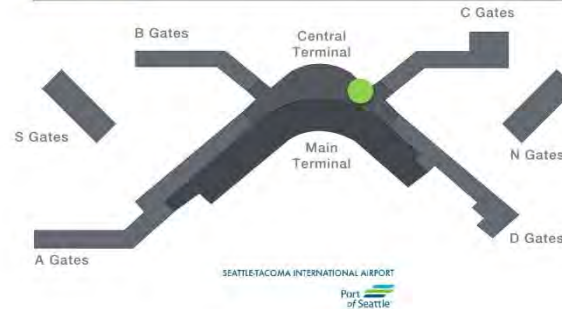
## Method of Competition: : Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 10 jobs

## Lease Terms

- Length of Lease: 8 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$400 per sq. ft.

Unit No.	Location	Approximate Sq. Ft	Concept
CT-8	Central Terminal	1,500	Specialty Retail – Local Theme



New slate of retail opportunities is ready for the marketplace

Target Issue Date:  
June 30, 2017Target Award Date:  
January 2018Target Unit Open:  
February 2019

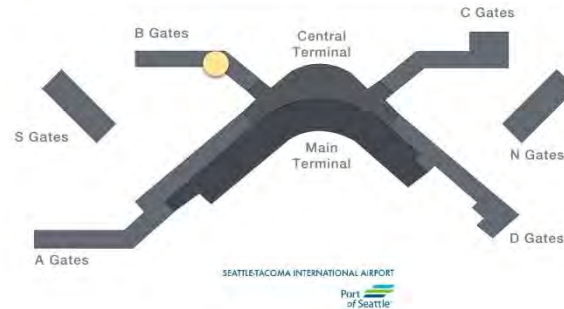
## Method of Competition: : Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 4 jobs

## Lease Terms

- Length of Lease: 8 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$400 per sq. ft.

Unit No.	Location	Approximate Sq. Ft	Concept
CB-3B	Concourse B	1,100	Retail – Open Concept



New slate of retail opportunities is ready for the marketplace



Target Issue Date:  
June 30, 2017Target Award Date:  
January 2018Target Unit Open:  
December 2018

## Method of Competition: : Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 12 jobs

## Lease Terms

- Length of Lease: 8 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$425 per sq. ft.

Unit No.	Location	Approximate Sq. Ft.	Concept
CT-9	Central Terminal	2,100	Retail - Lifestyle or Adventurewear Apparel



New slate of retail opportunities is ready for the marketplace

Target Issue Date:  
June 30, 2017Target Award Date:  
January 2018Target Unit Open:  
April 2019

## Method of Competition: : Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 15 jobs

## Lease Terms

- Length of Lease: 8 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$425 per sq. ft.

Unit No.	Location	Approximate Sq. Ft.	Concept
CT-16	Central Terminal	2,400	Retail - Lifestyle or Adventurewear Apparel



New slate of retail opportunities is ready for the marketplace

**Target Issue Date:**  
 June 30, 2017

**Target Award Date:**  
 January 2018

**Target First Unit Open:**  
 Q3 2018

**Method of Competition: Request for Proposal**

- Creation of approximately 30 jobs

**Lease Terms**

- Length of Lease: 8 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$350 - \$550 per sq. ft.

Unit No.	Location	Approximate Sq. Ft	Concept
CB-1	Concourse B	950	Retail – Open Concept
CC-4	Concourse C	850	Retail – Open Concept
CC-9	Concourse C	450	Jewelry/Accessories
HS-2	Hard Stand Terminal	550	Newsstand with Coffee
CT-25	Central Terminal	400	Jewelry/Accessories
Total		3,200	



**New slate of retail opportunities is ready for the marketplace**