

## **Attachment 2: Sea-Tac Tenant Street Pricing**

The Port requires all ADR tenants to submit pricing for their products/services as well as pricing for comparable street-side locations for approval by Port staff by December 31st of each calendar year. Once the pricing is submitted, Port staff verifies the data and then either approves or disapproves the proposed pricing based on the guidelines set forth in the Street Pricing Policy.

The Commission approved short-term changes to the Street Pricing Policy in November 2014 that allowed firms to increase their pricing above strict street pricing levels if they met several criteria regarding minimum wages, the provision of safe and sick time as well as health care to their employees.

The higher pricing levels approved by the Commission were:

12/1/2015 – 12/31/2016: Up to 10% above street prices

1/1/2017 – 12/31/2017: Up to 7.5% above street prices

1/1/2018 – 12/31/2018: Up to 5% above street prices

1/1/2019 – 12/31/2019: Up to 2.5% above street prices

1/1/2020: Return to strict street pricing

Earlier this year, Port staff submitted a report detailing the background and findings of the 2017 ADR Tenant Street Pricing Audit. At that time, staff found that of the 58 ADR tenants surveyed, 45 were in compliance and 13 were not in compliance with the airport's policy. Letters were sent to the companies who were out of compliance, giving them 10 business days to correct the pricing.

A second round of Street Pricing Audits was scheduled in phases to confirm compliance and complete the audit. Phase 1 was scheduled for April through May 2017, while phase 2 was scheduled for June through August. Due to changes in Port staffing, these secondary audits have not yet been completed.

The ADR Team is in the process of procuring temporary staff to complete the 2017 Street Pricing Audit. This work will include verifying that pricing from appropriate comparable locations was accurate as well as that pricing within the tenant's airport units matches the approved pricing. Random checks of ADR units will be conducted to ascertain on-going compliance.

ADR staff is in the process of developing a Quality Assurance Program which includes a mechanism to track all contractual obligations including compliance with the Street Pricing Policy. Staff also is in the process of collecting data on street pricing policies from other large airports in the United States. Port staff will be able to report on the outcomes of all this work in the first quarter of 2018.