

PORT OF SEATTLE COMMISSION

**Substitute Motion, as amended, Regarding
Airport Concessions Disadvantaged Business Enterprises
and Other Small Business at
Seattle-Tacoma International Airport**

September 11, 2012

Statement in Support of Motion

On February 14, 2012, the Port of Seattle Commission (“*Commission*”) adopted a motion that identified Concessions Program Goals at Seattle-Tacoma International Airport (“*Airport*”) and provided policy direction to the Chief Executive Officer (“*CEO*”) “to guide the successful re-development of the airport concessions program in 2015 through 2017.” Subsequent to this action, the Commission, the CEO and airport managers have continued to discuss the scope and intent of this policy.

An important aspect of the Airport concessions program is the creation of opportunities for locally owned small business, including the Airport Concessions Disadvantaged Business Enterprise Program, whose participants are hereafter known as “*ACDBEs*.” To qualify as an ACDBE, the owner must be a woman or disadvantaged minority with a personal net worth which may not exceed \$1.32 million (excluding personal residence) exercising independent control over a business limited in size to gross receipts of \$52.47 million, and the owner must meet other federal requirements. Today there are 19 ACDBE concession units at the Airport. The owners of these 19 units are certified as ACDBEs in accordance with federal regulations. Another important aspect of the Airport concessions program is its emphasis on providing opportunities for small and local business.

This motion is consistent with the Commission’s policy direction as expressed in the February 14, 2012, motion that the Airport concessions program (1) should consist of a mixture of packages of competitively selected concessionaires and direct solicitations for ACDBEs and small and local businesses and (2) the level of participation of ACDBEs will be expanded to create more ACDBE opportunities. This motion also reflects the Commission’s Century Agenda goal of promoting job creation and small business growth.

The Port Commission received public comment on this motion, and has taken these comments into account.

Motion

(1) As the Airport Concessions Program undergoes changes from 2015 to 2017, the ACDBE participation goal shall be consistent with the federal regulations in 49 CFR Part 23. The Airport shall make good faith efforts to meet or exceed this goal.

(2) The Commission supports an aspirational goal that at least thirty percent (30%) of the concessions units shall be leased by ACDBEs and/or small and local business as current leases expire and new leases are negotiated.

(3) To accelerate progress toward this aim, the Commission directs the CEO to focus leasing efforts on increasing the number of direct tenants, especially small locally owned businesses. As permitted by Federal Regulations, Airport staff will enter into direct negotiation with current ACDBEs and other small businesses that operate as sub-tenants and lease and operate three or fewer food and beverage units at the Airport in an effort to extend current leases or enter into new leases for some period of time provided the

terms are competitive and doing so does not impede the ability to attract additional small businesses as direct tenants.

(4) The Commission directs the CEO to develop criteria and procedures for determining whether the above-referenced criteria are met and determining the appropriate term length of any lease extension or new lease. The Commission shall form a temporary committee to work with the CEO in developing these procedures in accordance with Article III, Section 6, of the Commission's Bylaws. This motion serves to establish this temporary committee.

(5) The Commission directs the CEO to negotiate in good faith any new leases or lease extensions with businesses deemed eligible and that are found to meet the criteria referenced above in Section 3, with the goal of completing new lease agreements or extensions no later than December 31, 2012. Provided, however, this motion shall not be interpreted as providing a guarantee of a lease or lease extension. The terms and conditions of any leases or lease extensions negotiated pursuant to this motion shall not exceed eight (8) years and shall be substantially consistent with other such terms and conditions of concession leases awarded since 2008 for the same type of concession.

(6) The temporary committee of the Commission shall seek guidance from the Federal Aviation Administration as to the terms allowable under Section 5 and may hire outside counsel at reasonable expense to advise them on discussions with the Federal Aviation Administration.