

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No. 7a

Date of Meeting September 11, 2012

DATE: August 28, 2012

TO: Tay Yoshitani, Chief Executive Officer

FROM: James R. Schone, Director, Aviation Business Development
Deanna Zachrisson, Manager, Aviation Concessions Business

SUBJECT: Airport Concessions Master Plan Update

BACKGROUND:

In July 2011, in anticipation of the major transition of the Airport concessions program in 2015-2017, the Commission authorized a procurement for the services of an aviation concessions consultant and third-party leasing specialist to assist with program analysis, master planning and program transition, as well as interim direct leasing support for the concessions program. Staff completed this procurement and executed a contract mid-February 2012.

The Commission adopted a motion on February 14, 2012, to provide Port staff with policy direction and program goals to guide the development of the concessions master plan. Key elements of this direction were the desire to recruit both large and small, local and disadvantaged operators; to use both competitive request for proposals and direct solicitation as methods of recruitment; to maximize employment opportunity and security; to grow participation by small businesses, disadvantaged businesses, and local and locally-themed businesses that increase a Pacific Northwest sense of place, and to create modest investment opportunities for small businesses to set up kiosk-type locations. The master plan work will identify the means of satisfying the intent of this direction.

On March 27, 2012, staff provided its most recent briefing regarding the work of developing a new master plan and the anticipated interim concessions leasing during the 2012-2014 timeframe. In mid-April, the Port executed the initial service directive for the analysis work preceding full development of the master plan. The direction articulated in Commission's February 14 motion will govern the major framework of the master plan.

This briefing will provide an update regarding the anticipated process for concessions program analysis and the subsequent master planning phase, and the schedule anticipated for both of these activities. The briefing also will provide an overview of the aspects of the concessions program that will be included in the future master plan draft.

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Concessions master plan work is multi-faceted and complex, and therefore requires careful analysis and consideration. Hundreds of millions of dollars in Port revenues are at stake in the next development phase. The last concessions master plan was completed in 2002 and took nearly two-and-one-half years to complete. The new master plan will include, among other information, a review of existing and potential concessions space; an analysis to determine the best mix of concessions types in the future program; a sales and revenue analysis; proforma financial models; a space optimization and investment analysis; a merchandising plan; as well as an implementation and transition plan. Staff still anticipates that a focused effort can result in a master plan draft by mid-2013.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

- February 14, 2012, Commission motion concerning the Concessions Program at the Seattle-Tacoma International Airport.
- Power Point presentation.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- July 26, 2011 – Authorization to Procure Consultant for Concessions Planning and Leasing
- February 14, 2012 – Commission adopted a motion identifying Concessions Program Goals as the basis for the Airport concessions program.
- March 27, 2012 – Staff Briefing about Interim Concessions Leasing, 2012-2014