

Item No.:
Meeting Date:

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February 10, 2015

Real Estate Division Policy Briefing

Port 
of Seattle®

Competitive Offering vs. Direct Negotiation

Purpose: To identify when circumstances are present that warrant competitive offering and when they warrant direct negotiation




Rationale: Competitive processes generally result in most effective result for the public, however, it

- Does not recognize pre-existing business relationships
- Does not permit effective tenant mix to minimize risk
- Does not yield best result if there is a limited field of interested parties
- Does not advance broader Port initiatives
 - Job creation
 - Green development
 - Infill development



Competitive Process Applicability

Exclusions:

- Leases for terms of 10 years or less
 - Airline signatory lease and operating agreement – SLOA
 - Leases with Federal, State, Local government
 - Leases or easements with public utility
 - On-field freight forwarding operations
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Competitive Process Alternatives

- Published public offering for RFI, RFQ, RFP, etc.
- Listing with qualified commercial brokerages
- Targeted direct marketing to industry specific enterprises
- Offering published in trade and business journals



Direct Negotiation Exceptions

- Renewal of existing tenant relationship, presuming tenant is in good standing
- Expansion of existing tenant premises, presuming tenant is in good standing
- Lease would permit expansion of tenant mix to suit the Port's purposes by broadening the business base either horizontally or vertically
- Lease would promote an otherwise appropriate public use as determined by current initiatives



Direct Negotiation Exceptions

- An unsolicited opportunity that advances a public use as determined by current initiatives
- Permits effective use of property otherwise encumbered by physical, legal, or environmental hurdles that makes it otherwise of limited utility
- Subsequent to an unsuccessful competitive process, a targeted opportunity presents itself



Direct Negotiation Protocol

To commence a direct negotiation, the following conditions/constraints attach:

- Staff will advise the CEO that a specific negotiation falls under one of the exceptions for approval
- If approved, staff will commence negotiations on an exploratory basis to confirm the merits of the exception
- Upon commencement of formal negotiations, staff will advise the CEO, who will, in turn, advise the commission
- Other appropriate due diligence/financial analysis/approval protocol applies



Questions

