

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	<u>6b</u>
Date of Meeting	<u>December 8, 2015</u>
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DATE: December 4, 2015
TO: Ted Fick, Chief Executive Officer
FROM: James Schone, Director, Aviation Business Development
SUBJECT: Airport Dining and Retail (ADR) Lease Group Authorization

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to conduct competitive solicitations and execute lease and concession agreements with selected proposers for ten new small business-oriented opportunities: (1) Single Unit #2 – Food Service/Fast Casual; (2) Single Unit #6 – Food Service/Casual Dining; (3) Single Unit #8 - Food Service/Gourmet Coffee; (4) Small Unit #16 – Personal Services/Manicure (1 unit); (5) Small Package #6 – Personal Services/Massage (2 units); (6) Single Unit #12 - Small Specialty Retail; (7) Small Package #2 – Specialty Retail (2 units); (8) Small Package #3 – Specialty Retail/Tech Products (2 units); (9) Single Unit #15 – Specialty Retail; (10) Single Unit #14 – Passenger Services - Baggage/Luggage Storage and Delivery. Unit and package numbers reflect how each is denoted in the ADR master plan.

SYNOPSIS

During the presentation at the Commission meeting on November 24, 2015 regarding opportunities associated with Lease Group #2, a component of the redevelopment of the ADR Program (Attachment A), Commissioners requested changes to the allocation of points to the criteria to be used in evaluating proposals for these opportunities. The request was to increase the amount of points allocated to the criterion labeled “Small Business Participation” as a means to support achieving the Commission’s Century Agenda strategic goal of: “using our influence as an institution to promote small business growth and workforce development.”

In response to this request, Port staff proposes to increase the points allocated to the “Small Business Participation” criterion from 5 to 20 which represents 13% of the total 150 points to be used in evaluating proposals. The reallocation of points associated with this change reflects a balancing of the criteria that are important in selecting businesses that can be successful tenants in the ADR program at Seattle-Tacoma International Airport and thereby help the Port achieve its economic, community and environmental goals.

BACKGROUND

Leases for 90 percent of the Airport’s restaurant, retail and personal services locations have begun to expire as they approach expiration in 2015-2017. Port staff has been working for the

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past four years to develop the ADR Master Plan, the tool to facilitate the re-leasing of these units in a manner that addresses increased passenger demand, best use of limited square footage and facility changes driven by terminal expansion while creating a more manageable number of lease expirations for the next redevelopment cycle.

On December 9, 2014, the Commission authorized the first group (Lease Group #1) of lease agreements as part of the ADR master plan with HMS Host and Hudson Group. On November 24, 2015, Port staff presented the opportunities associated with Lease Group #2.

The criteria proposed for the evaluation of proposals submitted for these opportunities and their respective point allocations as presented on November 24, 2015 were:

Company Profile, Experience and Financial Capability	20 points
Concept Development	25 points
Unit Design, Materials and Capital Development	25 points
Financial Projections and Rent Proposal	25 points
Operations and Maintenance	15 points
Management, Staffing and Workforce Training	20 points
Job Quality, Employment and Service Continuity	15 points
Small Business Participation	5 points
TOTAL	150 points

During the presentation, Commissioners requested changes to the allocation of points to the criteria. Specifically, Commissioners requested a greater emphasis on the criterion labelled “Small Business Participation.” This emphasis was requested to support achievement of the Commission’s Century Agenda strategic goal: “using our influence as an institution to promote small business growth and workforce development.”

In response to this request, Port staff proposes to increase the points allocated to the “Small Business Participation” criterion from 5 to 20 which represents 13% of the total 150 points to be used in evaluating proposals. This re-allocation was accomplished by reducing the points for the criterion labeled “Financial Projections and Rent Proposal” from 25 to 20 points, by reducing the criterion labeled “Management, Staffing and Workforce Training” from 20 to 15 points and by reducing the criterion labeled “Job Quality, Employment and Service Continuity” from 15 to 10 points. The point reduction for the job quality criterion is due to the fact that a number of the elements pertaining to Port of Seattle Commission expectations regarding quality jobs (November 25, 2014 - Commission Motion regarding Quality Jobs, Service and Employment Continuity Assurances for the Airport Dining and Retail Program) such as wages and paid time off are now required per the Washington State Supreme Court decision that tenants at Seattle-Tacoma International Airport must comply with the City of SeaTac’s minimum wage requirements. Also, the evaluation of workforce training will be moved to the job quality criterion as workforce training is closely aligned with Commission expectations regarding quality jobs within the ADR program.

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The revised criteria and their respective point allocation for Lease Group #2, as well as all future opportunities competed via the Competitive Evaluation Process in subsequent lease groups are proposed as:

Company Profile, Experience and Financial Capability	20 points
Concept Development	25 points
Unit Design, Materials and Capital Development	25 points
Financial Projections and Rent Proposal	20 points
Operations, Maintenance and Environmental Sustainability	15 points
Management and Staffing	15 points
Job Quality, Workforce Training, Employment and Service Continuity	10 points
Small Business Participation	20 points
TOTAL	150 points

SCHEDULE

The schedule has also been revised to reflect the new date for requesting Commission authorization.

Projected Date	Action
December 8, 2015	Request Commission authorization of Lease Group #2 opportunities
December 11, 2015	Advertise opportunities (leasing website, various media, event promotion)
January, 2016	Tours and training sessions for interested businesses
Mid December 2015 through late February 2016	Proposal preparation
February 22, 2016	Proposals due to AirProjects
April 7, 2016	AirProjects' analysis completed
April 22, 2016	Port review of AirProjects' analysis and determination of awards
Late April 2016	Notification to successful proposers Update Commission on Lease Group 2 results
May 2016	Lease Negotiations and Executions

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ATTACHMENTS TO THIS REQUEST

- Attachment A: Commission Memo, 11/23/2015
- PowerPoint presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFING

- November 24, 2015 Request for Airport Dining and Retail Lease Group Authorization
- August 4, 2015 Request for Airport Dining and Retail Group Lease Authorization
- February 24, 2015 – (Staff Briefing) Airport Dining and Retail Outreach and Leasing Plans
- December 9, 2014 – (Action) Authorization of Leases and Lease Modifications for HMS Host
- December 9, 2014 -- (Action) Authorization of Leases and Lease Modifications for Hudson Group
- December 9, 2014 – (Action) Amendment to Lease and Concession Agreement with Anton Airfoods (dba Anthony's Restaurant)
- November 25, 2014 – Commission Motion Regarding Job Quality
- September 30, 2014 – (Staff Briefing) Drivers for Phasing Decisions
- May 27, 2014 – (Staff Briefing) Airport Dining and Retail Master Plan
- September 11, 2012 – (Briefing) Airport Concessions Master Plan Update
- February 14, 2012 – Commission Motion Regarding Concessions Program Guidelines