

Airport Dining & Retail Lease Group 3 - Lessons Learned and Lease Group 4 - Proposed Opportunities

January 24, 2017

Agenda

- Commission Guidance and Goals for the ADR Program
- ADR Performance Metrics
- Outreach Update
- Employment Continuity Pool Update
- Lease Group 3 Update and Lessons Learned
- Lease Group 4 Opportunities
- Evaluation Criteria
- Schedule for Next Steps

Providing new retail and dining opportunities at the Airport

Commission Guidance for the ADR Master Plan

- Encourage broad business participation;
- Use flexible competitive leasing processes to accommodate all types of business;
- Create new opportunities for small, disadvantaged and local businesses;
- Maximize employment continuity for qualified employees;
- Continue 'street pricing' of products and services;
- Improve efficiency and affordability in the unit build out process;
- Establish job quality expectations in competitive processes;
- Strengthen the local Pacific Northwest sense of place.

Support a mix of businesses that create quality jobs

Commission Goals for the ADR Master Plan

- Grow sales per enplanement by at least 40 percent;
- Reach and remain within the top 10 North American airports as ranked by sales per enplanement;
- Grow gross revenues to the Port by 50 percent;
- Grow employment by 40 percent;
- Grow the share of sales generated by small, disadvantaged, and/or local businesses to 40 percent;
- Create an aspirational objective of increasing ACDBE gross sales to 25 percent of total sales.

ADR opportunities grow with the Airport

Airport Dining & Retail Performance

	2016 through Q3	% Change compared to Q3 2015
ADR Total Program Gross Sales	\$229.1million	11.6%
ACDBE Gross Sales	\$48.2 million	5.5%
% of Total ADR Program Gross Sales (Defined by 49 CFR, Part 23)	21.1%	
Small Business Gross Sales	\$55.2 million	8.6%
% of Total ADR Program Gross Sales (Small Business Standard used by U.S. Small Business Administration)	24.1%	
Local Business Gross Sales	\$57.7 million	19.5%
% of Total ADR Program Gross Sales (Brand must be recognized by travelling public as from Washington State; and the business must be headquartered in Washington State, or major sales in Washington State)	25.2%	
Total Gross Sales from Small, Local & Disadvantaged Businesses	\$102.1 million	14.3%
% of Total ADR Program Gross Sales	44.6%	
Sales per Enplanement	\$11.86	4.7%
Rank in U.S. Airports As reported by Airport Revenue News	2016 rank not yet available	
Employment (full-time/part-time) End of year 2015 compared to end of year 2016	1,596/401	16%/57%
ADR Revenue to POS	\$38.5 million	11.9%

Strong ADR performance and impacts

Outreach Update

- 625 firms registered on the ADR leasing website as of 12/31/2016.
- Hosted SeaTac Airport Business Opportunity Summit on 1/13/2017 to encourage small, local and disadvantaged business participation in the ADR Program - 168 attendees.
- Positive feedback on efforts to increase awareness of opportunities, to educate firms on doing business at the airport and to encourage participation.

Outreach efforts have increased awareness, understanding and participation

Employment Continuity Pool Update

- Port contracted with Airport Jobs in July 2016 to:
 - create an employee database
 - assist in evaluation of needs and match qualified candidates
 - facilitate interviews and track outcomes
- ADR and Airport Jobs have conducted first intake meetings with tenants including:
 - Ken's Baggage
 - Great American Bagel Bakery
 - Butter London
 - HMS Host

Employment Continuity Pool is well underway

Lease Group 3 Update

Lease Group 3:

- Commission authorized Lease Group 3 (12 opportunities encompassing 24 units) on June 14, 2016.
- Two opportunities are suspended, pending the rebid of the Central Terminal elevator and HVAC projects; one opportunity was given an extended deadline for proposal submittals (Nov 18, 2016) to incorporate 3 South Satellite units.
- 45 bids from 26 firms were submitted on September 22, 2016 for these 9 opportunities (17 units).
- Evaluation is underway with notification to proposing firms expected this month.

Strong competition for Lease Group 3 opportunities

Lease Group 3 - Lessons Learned

- Ongoing outreach efforts played a role in more competition and increased participation by small, local and disadvantaged businesses.
- Significant progress in receiving better information about the quality of jobs.
- The scoring for joint ventures/meaningful partnerships was improved but there is more work to do.
- The external observers of the evaluation process provided valuable input.
- Proposers are sourcing more from local and small companies.
- Positive feedback on debriefing sessions for firms that proposed for Lease Group 2 opportunities.

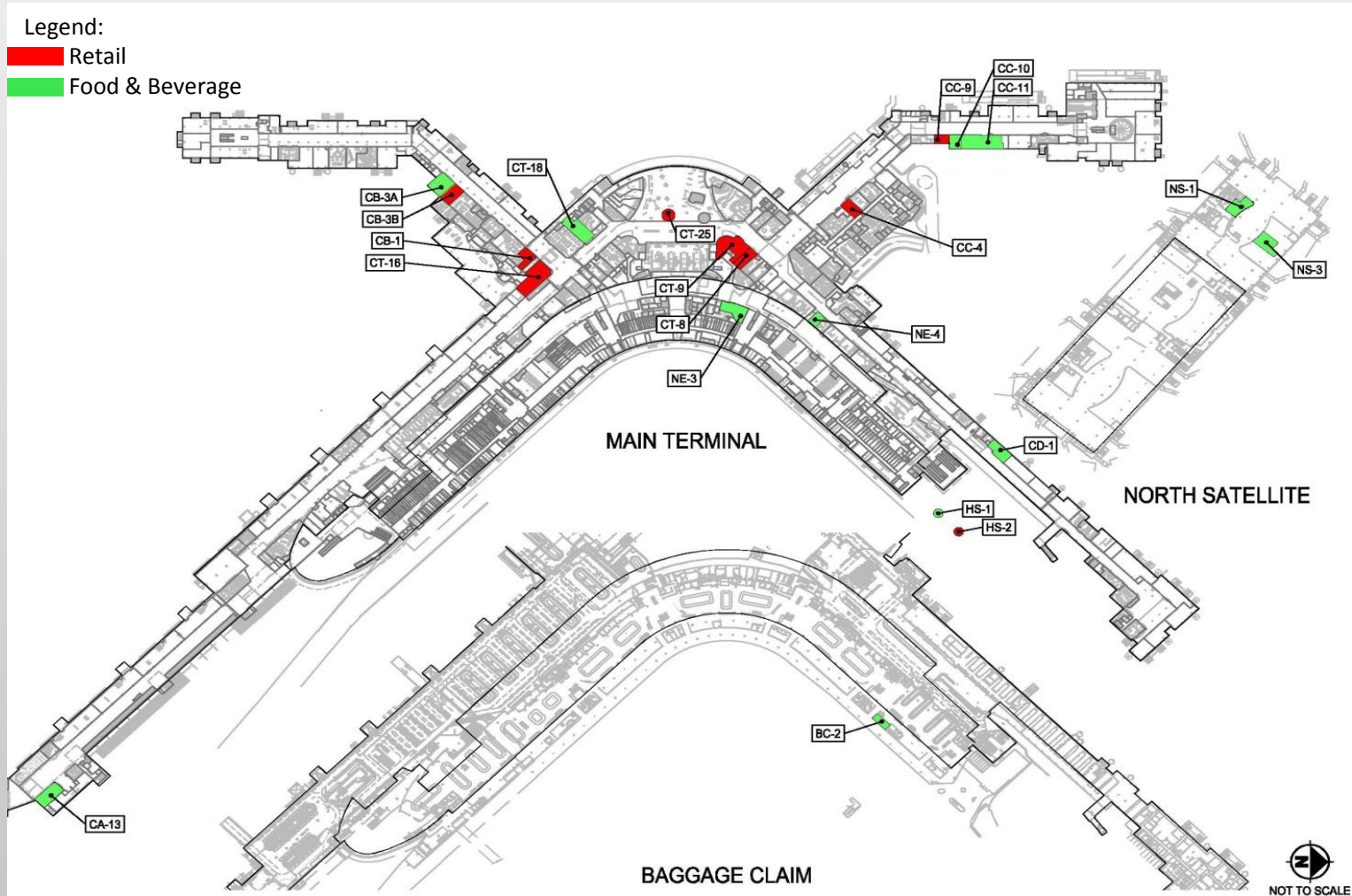
ADR Program is improving due to policy input and program refinements

Draft Lease Group 4 Opportunities

Category	Package #	# of Locations (Unit #)	Approximate sf
Food & Beverage	CEP F-1	1 (NS-3)	1,400
	CEP F-2	1 (NS-1)	1,300
	CEP F-3	1 (CT-18)	1,600
	CEP F-4	2 (NE-4, CC-10)	1,450
	CEP F-5	3 (HS-1, NE-3, CB-3A)	3,550
	RFP F-6	4 (CA-13, BC-2, CC-11, CD-1)	6,000
Retail	CEP R-1	1 (CT-8)	1,500
	CEP R-2	1 (CB-3B)	1,100
	CEP R-3	1 (CT-9)	2,100
	CEP R-4	1 (CT-16)	2,400
	RFP R-5	5 (CB-1, CC-4, CC-9, HS-2, CT-25)	3,200

New slate of opportunities is ready for the marketplace

Draft Lease Group 4 Opportunities



Lease Group 4 opportunities are spread throughout the terminal

Established Evaluation Criteria

Company Experience, Financial Capability:	20 points (13%)
Concept Development:	25 points (17%)
Unit Design, Materials and Capital Investment:	25 points (17%)
Financial Projections and Rent Proposal:	20 points (13%)
Management, Staffing and Environmental:	20 points (13%)
Job Quality, Employment and Service Continuity:	20 points (13%)
Small Business Participation:	20 points (13%)
TOTAL POINTS	150 points (100%)

Evaluation criteria help meet Commission priorities

Lease Group 4 Schedule

Projected Date	Action
January 24, 2017	Brief Commission on lessons learned from Lease Group 3 and proposed leasing opportunities in Lease Group 4
February 14, 2017	Request Commission authorization to solicit proposals for Lease Group 4 opportunities
Late February/Early March 2017	Advertise opportunities (leasing website and through various local and national media)
March 2017	Tours and training sessions for interested businesses
March through June 2017	90 days for proposal preparation
June 2017	Responses due
August 2017	Port Evaluation Team completes their decisions
September 2017	Notification to preferred respondents Update Commission on Lease Group 4 results
October/November 2017	Lease negotiations and executions

Lease Group 4 ready for release

APPENDIX



ADR Program Support for the Century Agenda

The redevelopment of the ADR Program supports the Port's Century Agenda to create 100,000 new jobs.

These opportunities also support a number of the Century Agenda strategies and objectives:

- Advance this region as a leading tourism and business gateway;
- Promote small business growth and workforce development;
- Be the greenest and most energy efficient port in North America.

ADR advances the Century Agenda

ADR Evaluation Processes

Competitive Evaluation Process (CEP)

- Simplified process for 1-3 unit opportunities
- Intended to reduce barriers to direct participation by small businesses

Request for Proposal (RFP)

- Use for packages with 4 or more units or single units requiring large investments
- Geared toward large companies with small business participation
- Requires companies to submit more information and demonstrate greater financial capability

Competitive process reflects Commission guidance

Target Issue Date: February 2017 Target Award Date: August 2017 Target Unit Open: Q1 2019

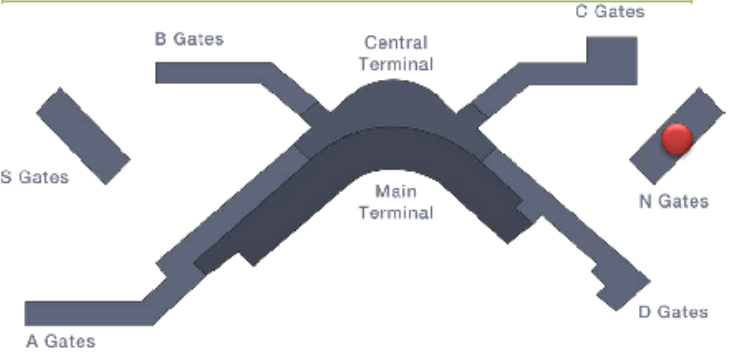
Method of Competition: Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 30 jobs

Lease Terms

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$500 per sq. ft.

Unit No.	Location	Approximate Sq. Ft	Concept
NS-3	North Satellite	1,400	Fast Casual – Asian or Mexican



SEATTLE-TACOMA INTERNATIONAL AIRPORT
Port of Seattle

New slate of opportunities is ready for the marketplace

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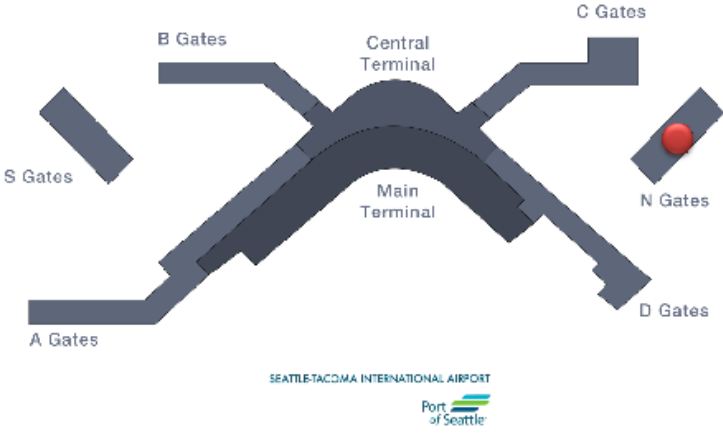
Method of Competition: Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 20 jobs

Lease Terms

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$525 per sq. ft.

Unit No.	Location	Approximate Sq. Ft	Concept
NS-1	North Satellite	1,300	Gourmet Coffee



New slate of opportunities is ready for the marketplace

Target Issue Date: February 2017 Target Award Date: August 2017 Target Unit Open: Q2 2019

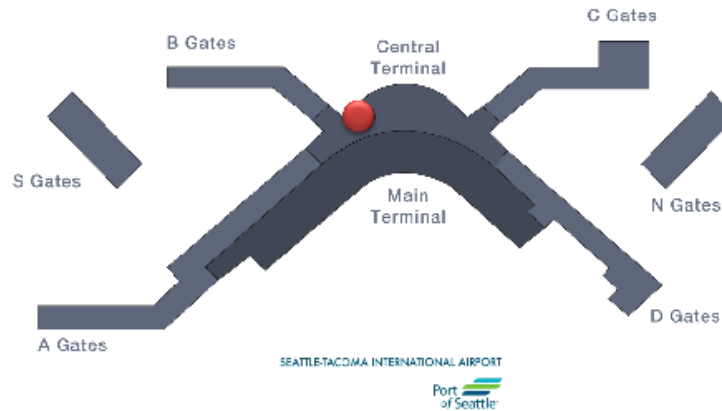
Method of Competition: : Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 20 jobs

Lease Terms

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$460 per sq. ft.

Unit No.	Location	Approximate Sq. Ft	Concept
CT-18	Central Terminal	1,600	Beer & Wine Bar



New slate of opportunities is ready for the marketplace

Target Issue Date:
February 2017

Target Award Date:
August 2017

Target Unit Open:
Q3 2018

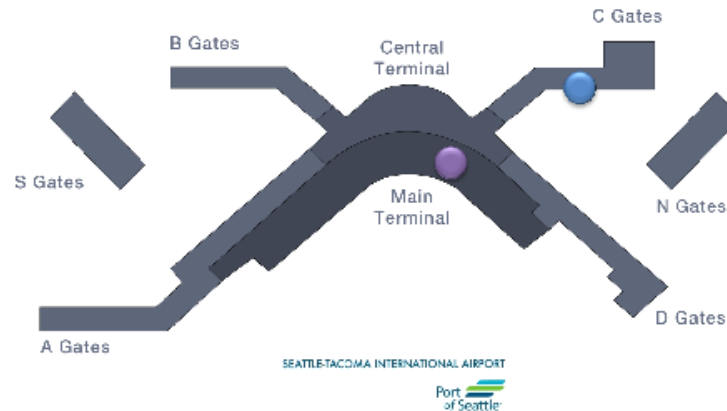
Method of Competition: Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 32 jobs

Lease Terms

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$390 - \$440 per sq. ft.

Unit No.	Location	Approximate Sq. Ft	Concept
NE-4	North Esplanade	600	Deli
CC-10	Concourse C	850	Deli
Total		1,450	



New slate of opportunities is ready for the marketplace

Target Issue Date: February 2017 Target Award Date: August 2017 Target Unit Open: Q3 2018

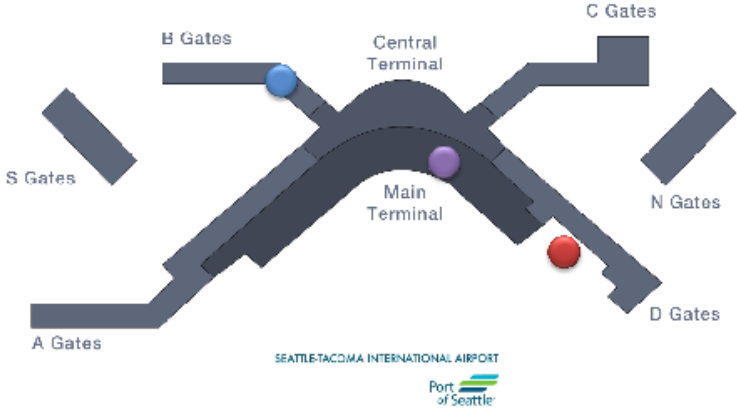
Method of Competition: Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 40 jobs

Lease Terms

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$350 - \$500 per sq. ft.

Unit No.	Location	Approximate Sq. Ft	Concept
HS-1	Hard Stand Terminal	550	Gourmet Coffee
NE-3	North Esplanade	1,500	Gourmet Market & Bar
CB-3A	Concourse A	1,500	Healthy or Open Concept
Total		3,550	



New slate of opportunities is ready for the marketplace

Target Issue Date: February 2017 Target Award Date: August 2017 Target Unit Open: Q2 2019

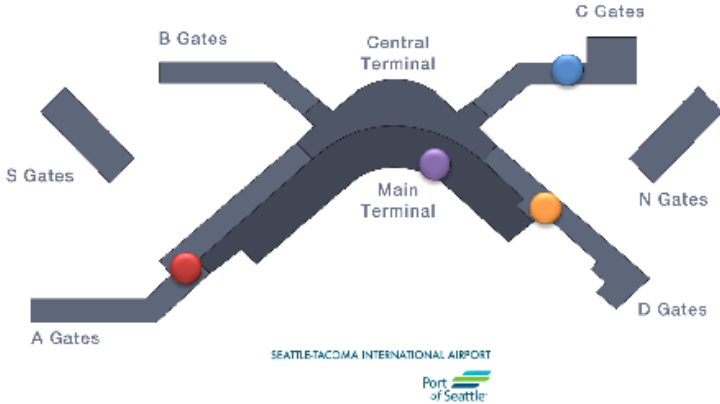
Method of Competition: Request for Proposal

- Creation of approximately 90 jobs

Lease Terms

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$375 - \$550 per sq. ft.

Unit No.	Location	Approximate Sq. Ft	Concept
CA-13	Concourse A	1,500	Bar with Food
BC-2	Baggage Claim	500	Gourmet Coffee
CC-11	Concourse C	2,800	Casual Dining
CD-1	Concourse D	1,200	QSR – Chicken or BBQ
Total		6,000	



New slate of opportunities is ready for the marketplace

Target Issue Date:
February 2017

Target Award Date:
August 2017

Target Unit Open:
Q4 2018

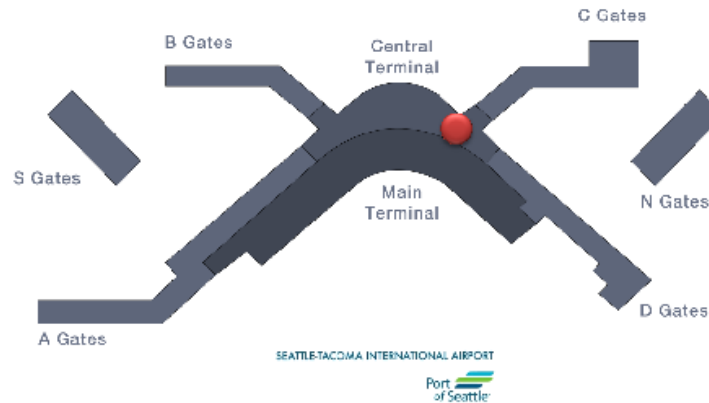
Method of Competition: : Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 10 jobs

Lease Terms

- Length of Lease: 8 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$400 per sq. ft.

Unit No.	Location	Approximate Sq. Ft	Concept
CT-8	Central Terminal	1,500	Retail – Local Theme



New slate of opportunities is ready for the marketplace

Target Issue Date:
February 2017

Target Award Date:
August 2017

Target Unit Open:
Q1 2019

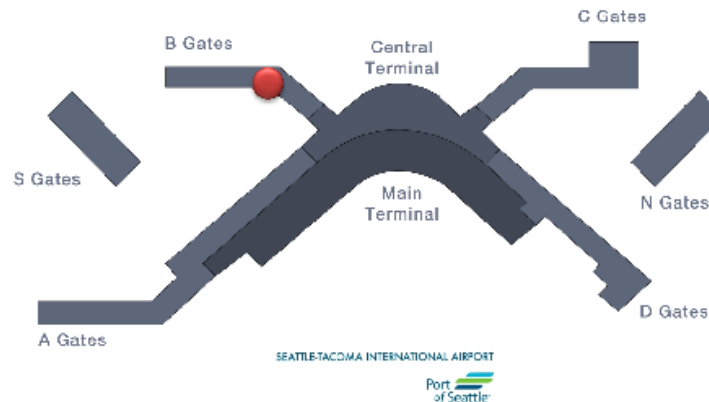
Method of Competition: : Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 4 jobs

Lease Terms

- Length of Lease: 8 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$400 per sq. ft.

Unit No.	Location	Approximate Sq. Ft	Concept
CB-3B	Concourse B	1,100	Retail – Open Concept



New slate of opportunities is ready for the marketplace

Target Issue Date:
February 2017

Target Award Date:
August 2017

Target Unit Open:
Q4 2018

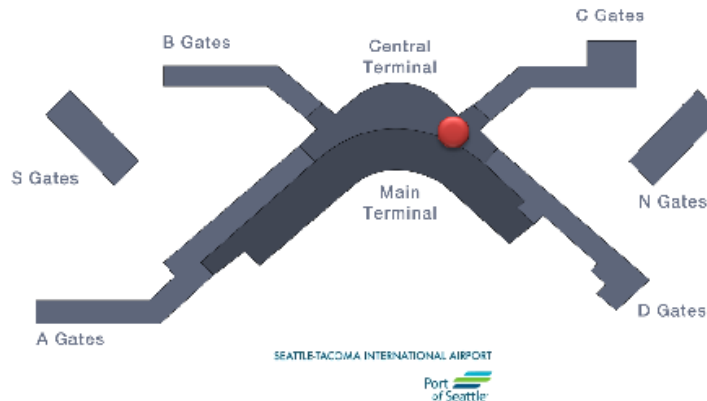
Method of Competition: : Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 12 jobs

Lease Terms

- Length of Lease: 8 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$425 per sq. ft.

Unit No.	Location	Approximate Sq. Ft	Concept
CT-9	Central Terminal	2,100	Life Style /Adventure Wear



New slate of opportunities is ready for the marketplace

Target Issue Date: February 2017 Target Award Date: August 2017 Target Unit Open: Q2 2019

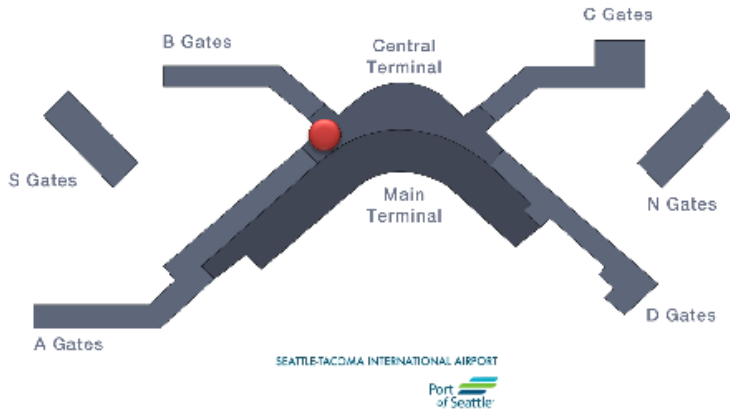
Method of Competition: : Competitive Evaluation

- Potential Small/Local/Disadvantaged Business Opportunity
- Creation of approximately 15 jobs

Lease Terms

- Length of Lease: 8 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$425 per sq. ft.

Unit No.	Location	Approximate Sq. Ft	Concept
CT-16	Central Terminal	2,400	Life Style /Adventure Wear



New slate of opportunities is ready for the marketplace

Target Issue Date: February 2017 Target Award Date: August 2017 Target Unit Open: Q4 2018

Method of Competition: Request for Proposal

- Creation of approximately 32 jobs

Lease Terms

- Length of Lease: 8 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$350 - \$550 per sq. ft.

Unit No.	Location	Approximate Sq. Ft	Concept
CB-1	Concourse B	950	Retail - Open Concept
CC-4	Concourse C	850	Retail - Open Concept
CC-9	Concourse C	450	Jewelry/Accessories
HS-2	Hard Stand Terminal	550	News Stand w/ Coffee
CT-25	Central Terminal	400	Jewelry/Accessories
Total		3,200	



New slate of opportunities is ready for the marketplace