

# Airport Dining & Retail Amendment to Lease Group 4 Authorization

Authorization Request  
February 27, 2018

# Agenda

- Rationale for Amending the Lease Group 4 Authorization
- Amended Lease Group 4 Opportunities
- Schedule

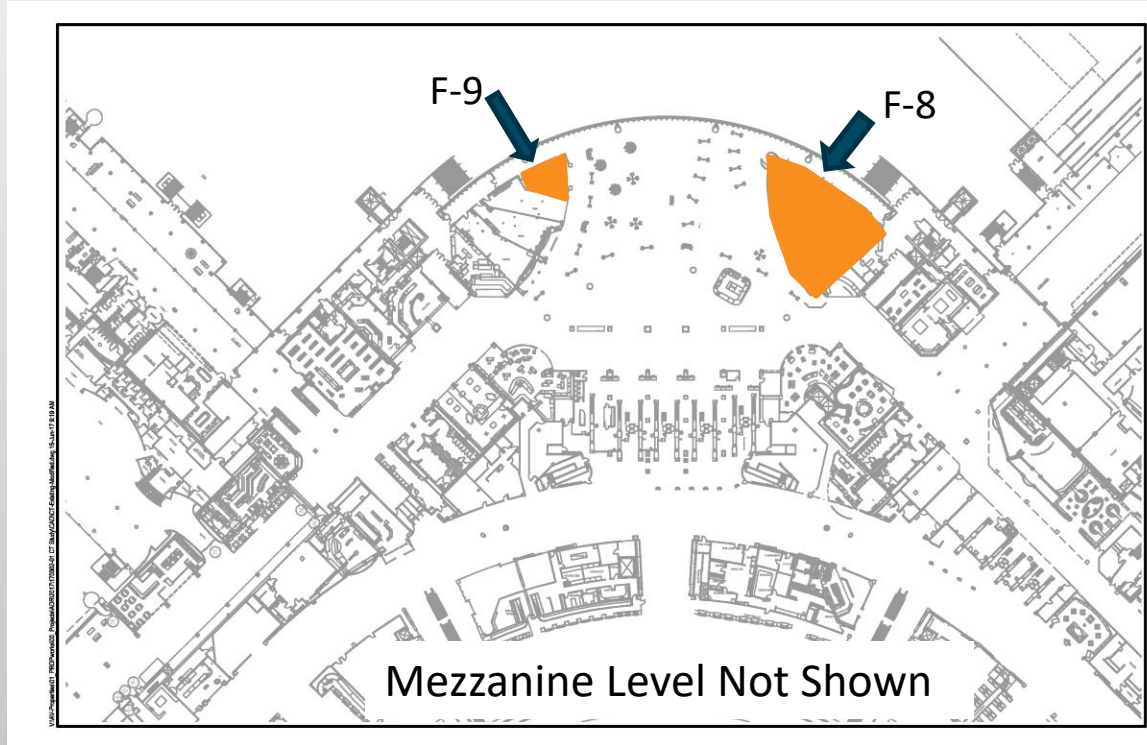
Providing new dining and retail opportunities at the Airport

# Rationale for amending the Lease Group 4 Authorization

- Two leasing opportunities in LG 3 were suspended due to the receipt of bids that significantly exceeded the budget for enabling infrastructure projects.
- The Port reconfigured these infrastructure projects and subsequently received more reasonable bids for this work. Construction is now underway.
- In order to have new dining capacity ready when the Central Terminal Infrastructure Upgrade Project is completed, the solicitation process for these leasing opportunities needs to be restarted.
- Since the date when these opportunities were authorized for competitive solicitation, the Commission made several significant changes to the minimum qualifications and scoring criteria that were used for LG 4.
- Staff recommends amending the LG 4 authorization to allow these two opportunities to be competed with the minimum qualifications and scoring criteria approved by Commission for LG 4.

Recommend competing these opportunities under LG 4 rules

# Amended Lease Group 4 Opportunities



Both opportunities are in the Central Terminal

# Schedule for these 2 Opportunities

Projected Date	Action
February 27, 2018	Request Commission to amend Lease Group 4 authorization
March 2, 2018	Advertise opportunities (via leasing website and through various local and national media)
March 21, 2018	Tours and training sessions for interested businesses
March 2 through May 31, 2018	90 days for proposal preparation
May 31, 2018	Responses due
July/August 2018	Port teams complete their evaluations
August/September 2018	Notification to preferred respondents Update Commission on these Lease Group 4 results
September/October 2018	Lease negotiations and executions

These opportunities are ready for the marketplace

# Proposed Amended Lease Group 4 Schedule vs. Central Terminal Enhancement Project Schedule

2018				2019				2020
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Solicitation and Award Process								
Central Terminal Infrastructure Upgrade Project – Phase 1								
			Design and Construction F-9					
					Central Terminal Infrastructure Upgrade Project – Phase 2			
					Design and Construction F-8			

Authorization now is important to ensure new dining capacity is ready

# APPENDIX



# 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

# Solicitation Process Overview

## Competitive Evaluation Process (CEP)

- Simplified process for 1-3 unit opportunities
- Tailored to capabilities of small business

## Request for Proposal (RFP)

- Used for packages with 4 or more units or a single unit requiring a large investment
- Tailored to capabilities of large companies but encouraging small business participation
- Requires companies to submit greater detail and demonstrate greater financial capability

Competitive solicitation process reflects Commission guidance

# Changes Incorporated in the Lease Group 4 Competitive Solicitation Process

## CEP and RFP

- **Proposition 1 Compliance:** Firms who are not fully compliant with Prop 1 back wages and benefits were to be disqualified from participation.
- **Scoring the Quality Jobs Criterion:** A greater emphasis was placed on proposed wages and medical/retirement benefits in the scoring of this criterion. A quantitative-formula-based methodology was utilized for evaluating wages and medical/retirement benefits.
- **Scoring the Small Business Participation Criterion:** The scoring system was revised as follows:
  - Small businesses that propose directly would still automatically receive 10 points.
  - Large businesses that propose a joint venture with a small business and that agreement meets the FAA guidelines for joint ventures and includes a minimum of 20% share of capital investment would automatically receive 5 points.

Competitive solicitation process reflects Commission guidance

# Changes Incorporated in the Lease Group 4 Competitive Solicitation Process

## CEP and RFP (cont'd)

- **Pacific Northwest Sense of Place:** 10 points of the Concept Development criterion (25 points total) was allocated to the evaluation of the concept as it pertains to creating a Pacific Northwest Sense of Place within the Airport.
- **Labor Peace Agreements:** A labor peace requirement was implemented as follows:
  - All non-exempt respondents must submit a labor peace agreement with their proposal.
  - The Port would have no role in reviewing or establishing the terms of these agreements.
  - Small businesses which have 35 or fewer badged airport employees would be exempted.

Competitive solicitation process reflects Commission guidance

# 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%)
<b>TOTAL POINTS</b>	<b>150 points (100%)</b>

Evaluation criteria support Commission priorities

**Target Issue Date:** March 2018      **Target Award Date:** August 2018      **Target Open:** Q1 2020

**Method of Competition: Request for Proposal**

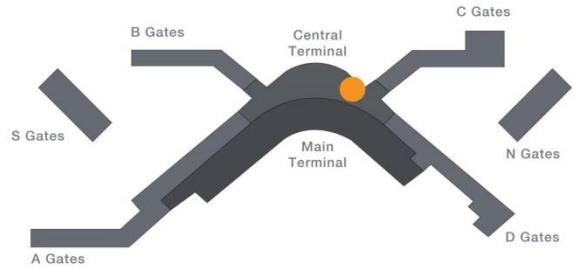
- Potential Small/Local/Disadvantaged Business Participation
- Creation of approximately 95-105 jobs

**Lease Terms**

- Length of Lease: 10 years
- Percentage rent to be competitively proposed as either flat or tiered rent structure
- Minimum Capital Investment: \$430 per sq. ft.

**Single Unit 1 : Food Service**

Unit No.	Location	Approximate Sq. Ft	Concept
CT-1, CT-1-MZ	Central Terminal & Central Terminal Mezzanine	10,900	Casual Dining Restaurant
Total		10,900	



New opportunities ready for the marketplace

**Target Issue**  
Date: March 2018

**Target Award Date:**  
August 2018

**Target Open:**  
Q4 2019

**Method of Competition: Request for Proposal**

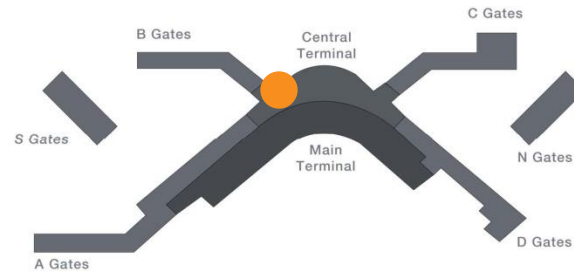
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**Single Unit 1 : Food Service**

Unit No.	Location	Approximate Sq. Ft	Concept
CT-24, CT-24-MZ	Central Terminal & Central Terminal Mezzanine	6,500	Casual Dining Restaurant with market or bar
	Total	6,500	



New opportunities ready for the marketplace