

Item No. 10f
Meeting Date: December 14, 2021

ORDER NO. 2021-15

An Order of the Port of Seattle Commission

...to direct the Executive Director to develop recommendations to support the outcomes identified in the SEA Tenant Build-Out Analysis.

**PROPOSED
December 14, 2021**

Introduction

The Port of Seattle’s Airport Dining and Retail program serves millions of passengers and customers each year. While meeting the demand for retail and restaurants by the traveling public is the primary goal of the program, it also seeks to increase the participation of women and minority businesses through the airport concessions disadvantaged business enterprise program, low barriers to the entry kiosk program, and significant outreach and training programs for our communities.

Implementation of programs to encourage the success of woman- and minority-owned businesses (WMBE) and small businesses at the Seattle-Tacoma International Airport (SEA) are examples that have demonstrated how the Port accomplishes its goals to increase WMBE and small business participation at SEA.

Many businesses at SEA participated in a competitive leasing process through the Airport Dining and Retail Master Plan. Specifically, tenants in lease groups two, three, and four (“Affected Tenants”) have described incurring negative financial impacts due to the effects of the COVID-19 pandemic and additional expenses caused by unforeseen build-out costs during their retrofitting of sites at SEA pre-pandemic.

In its work to encourage the success of WMBE and small businesses at SEA, the Port completed a Tenant Build-Out Analysis that examined the overall design and construction process for Airport Dining and Retail tenants at the airport. The process started with a Voice of the Tenant meeting. All tenants were invited along with their architects, engineers, general contractors, and sub-contractors. Several themes arose that were common with all the tenants that included the design review processes, Port design standards, building and fire review times, and the permitting processes.

Order 2021-15 – Support the outcomes identified in the SEA Tenant Build-Out Analysis

Page 1 of 2

47 Following the Voice of the Tenant Meeting, Port subject matter experts (Facilities and
48 Infrastructure, Aviation Building Department, Fire Department, Project Management, and Airport
49 Dining and Retail staff) filtered through the issues and developed recommendations for best
50 practices moving forward. The team decided upon the following:

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- 52 (1) Developing a new ADR Master Plan with subject matter experts at the table
53 including the tenants;
 - 54 (2) Evaluation of Port Standards and to create ADR-specific standards that would be
55 included in the Request for Proposals;
 - 56 (3) Re-evaluate base building conditions based on new ADR Master Plan;
 - 57 (4) Prior to tenant design, the Port would demolish the space and provide a “vanilla
58 shell;”
 - 59 (5) After demo, the Port would verify as-built conditions with the new tenant;
 - 60 (6) The Port would address any necessary based building conditions;
 - 61 (7) Port standards that impact ADR tenants will be discussed with Aviation
62 Commercial Management/ADR team prior to implementation to understand the
63 business and cost impacts to the tenants/program; and
 - 64 (8) Include subject matter experts during key planning decisions. The
65 recommendations were discussed with Aviation leadership and adopted as best
66 practices moving forward.
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68 As these best practices were adopted after the Affected Tenants completed their build-outs, the
69 Affected Tenants were forced to pursue additional funding as a result of the additional cost related
70 to the issues outlined in the Tenant Build-Out Analysis. To address this challenge, the Executive
71 Director will review the Tenant Build-Out Analysis, evaluate the types and levels of financial
72 impacts experienced by these tenants, and recommend how to implement the findings of the study.

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74 **Text of the Order**

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76 The Port of Seattle Commission hereby directs the Executive Director to develop
77 recommendations to the Commission based on the outcome of the SEA “Tenant Build-Out
78 Analysis;” which demonstrated that deficiencies in airport facilities may result in additional design
79 and build-out costs for tenants.

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81 This recommendation shall provide alternatives, such as lease extensions, that address the potential
82 additional costs suffered by the Affected Tenants which were not anticipated by either party at the
83 time of the bidding process.

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85 The recommendations shall be delivered to the Commission for consideration by the
86 January 25, 2022, Commission meeting.

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