COMMISSION
AGENDA MEMORANDUM Item No. 8d
ACTION ITEM Date of Meeting February 14, 2023

DATE : January 11, 2023
TO: Stephen P. Metruck, Executive Director
FROM: Jeff Wolf, Interim Director Aviation Commercial Management
Khalia Moore, Senior Manager Airport Dining and Retail
SUBJECT: Planewear Tenant Reimbursement Agreement (TRA)
Amount of this request: $1,500,000
Total estimated project cost: $1,500,000
ACTION REQUESTED
Request Commission authorization for the Executive Director to execute a Tenant Reimbursement Agreement (TRA) with Planewear, LLC (Planewear) for $1,500,000 for the design and construction of approximately 1,750 square feet of Airport Dining and Retail (ADR) space.
EXECUTIVE SUMMARY
The Port of Seattle (Port or SEA) and Planewear, a small, local, woman-owned Airport Concession Disadvantage Business Enterprise (ACDBE) business, entered into a Lease and Concession Agreement (Agreement) on June 19, 2018, for space CT-27 as a part of Lease Group 4. The Agreement will expire on December 31, 2033 (includes a six (6) year Commission approved extension). CT-27 will be severely affected by the upcoming Concourse C Expansion (CCE) project requiring Planewear to close their business for several years. After working with the tenant and through additional space evaluation, ADR staff and Aviation Project Management (AVPMG) identified a new comparable location (CT-09) within the Central Terminal for Planewear to relocate with a new tenant reimbursement project.
JUSTIFICATION
Planewear is a long-standing ACDBE tenant in the ADR program who has worked their way up through both the Introductory and Intermediate kiosk programs. Planewear competitively bid and won in Lease Group 4 and was awarded their first long-term inline location in 2018. Due to the pandemic, the space construction was delayed but the build out was completed during the height of the pandemic in 2020. Planewear's current space has been impacted multiple times during the term of their Agreement with several impacts to the design, construction, and operation of their current location. These impacts have included HVAC deficiencies making the designed scope unable to be built resulting in a secondary package with limited design scope. During the capital project design process, in an effort to provide the needed infrastructure for

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the building, the proposed and contractually agreed upon expansion of space for the tenant had to be eliminated, resulting in a minimal storefront materials improvement which would require the complete closure of the business for approximately three (3) years. To mitigate the design and buildout issues impacting the tenant's space, ADR determined that the best business practice was to recapture the current space (CT-27) due to the CCE project needs and relocate the tenant to a comparable location (CT-09) which would be activated in advance of the closure of the current location. To meet the current CCE construction scheduled start date of Q3 2023 and have Planewear relocated in time, Planewear has agreed to relocate their operations from space CT-27 (1,585 square feet) to space CT-09 (1,771 square feet).
DETAILS
Scope of Work
As part of this relocation the Port will execute a TRA with Planewear to cover the actual, reasonable cost for the design and remodel of space CT-09. The remodel includes, but is not limited to, permitting plans and costs, the demolition of the existing fixtures, new electrical service, millwork installation, and new storefront signage.
Schedule
Activity
Commission design authorization 2023 Q1
Design start 2023 Q1
Construction start 2023 Q2

In-use date 2023 Q3
Cost Breakdown This Request Total Project
Design $300,000.00 $300,000.00
Construction $1,200,000.00 $1,200,000.00
Total $1,500,000.00 $1,500,000.00
ALTERNATIVES AND IMPLICATIONS CONSIDERED
Alternative 1 - Port perform the design and construction effort to relocate Planewear to their new space.
Cost Implications: estimated range $2,100,000 to $2,900,000
Pros:
(1) Tenant Reimbursement Agreement not needed.
Cons:
(1) Due to the timing of the relocation in conjunction with the CCE Project, the relocation date will be delayed thus delaying the CCE Project progression due to the timing associated with Port processes.

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(2) Port will be required to do additional space upgrades prior to/in conjunction with the relocation efforts as approved by Commission on March 8, 2022, which could increase the costs of this project.
This is not the recommended alternative.
Alternative 2 – Not relocate Planewear and buy out the agreement utilizing the Net Book Value clause.
Cost Implications: Net Book Value for CT-27 (approximately $200,000) Additional costs associated with the necessary space upgrades to CT-09 for RFP release and revenue to the Port not realized for the CT-09 space have not yet been estimated.
Pros:
(1) Space the tenant currently occupies could be leased to another tenant at no additional cost to the Port as a part of the CCE RFP for a Q1/Q2 2026 opening (after CCE project completion).
Cons:
(1) Loss of a small/local/woman owned ACDBE business and fifteen (15) employees.
(2) A lease buyout for this tenant was not considered in the CCE project and would require additional approvals and a budgetary increase for the project.
(3) Two (2) prominent locations within the program will sit vacant for an extended period.
(4) Port will need to conduct space upgrades to the CT-09 space in advance of releasing the location for RFP which would be an additional, non-budgeted cost for approval.
(5) Due to additional impacts from Capital Projects throughout the program, the ACDBE participation at SEA is decreasing and will be further impacted with this loss.
This is not the recommended alternative.
Alternative 3 – Enter into a TRA with Planewear for them to design, remodel and relocate to the CT-09 space.
Cost Implications: Not to exceed $1,500,000.
Pros:
(1) Planewear already has all the finish specifications and can begin ordering long lead items immediately.
(2) Greater chance of Planewear bettering or meeting the relocation date required by the CCE Project ensuring that there would be no CCE project delays due to relocation efforts.
(3) Small, local, woman owned ACDBE business tenant is made whole after numerous impacts to business and operations and is maintained in the program.
(4) Revenue generation on a location (CT-09) that would otherwise be without revenue for multiple years.
(5) No anticipated downtime between location operations.

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(6) Additional space upgrades would be deferred until RFP release in 2034.

Cons:
(1) Construction cost may increase, and supply chain issue may delay the project completion.
This is the recommended alternative.
FINANCIAL IMPLICATIONS
Cost Estimate/Authorization Summary Capital Expense Total
COST ESTIMATE
Original estimate $2,100,000.00 $0 $2,100,000.00
AUTHORIZATION
Previous authorizations $0 $0 $0
Current request for authorization $1,500,000.00 $0 $1,500,000.00
Total authorizations, including this request $1,500,000.00 $0 $1,500,000.00
Remaining amount to be authorized $1,500,000.00 $0 $1,500,000.00
Annual Budget Status and Source of Funds
As this is an impact by a capital project, it has been determined that this funding will be requested as a mid-year addition to the airport capital plan. The budget was transferred from the Non-Aeronautical Allowance CIP C800754 resulting in no net change to the Airport capital budget. The funding source would be the Airport Development Fund (ADF).
Financial Analysis and Summary
Project cost for analysis $1,500,000
Business Unit (BU) Airport Dining and Retail
Effect on business performance NOI after depreciation will decrease, due mainly to
(NOI after depreciation) increased capital costs (leading to depreciation).
Annual revenues paid by the tenant to the Port most likely will not change or be interrupted due to the intended timing of relocation (new location commences as the old location is decommissioned). Also, if tenant is not relocated, there will be a loss in revenue to the Port until such time that the new space (CT-09) is leasedapproximately Q1/Q2 2026.
IRR/NPV (if relevant) N/A
CPE Impact N/A

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ATTACHMENTS TO THIS REQUEST
None
PREVIOUS COMMISSION ACTIONS OR BRIEFINGS
None

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