

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.

**ADOPTED
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, the Port Commission seeks to increase the participation of women and minority businesses through the airport concessions disadvantaged business enterprise program, lowering barriers to the entry kiosk program, and providing significant outreach and training programs for our communities.

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 prior to the pandemic’s on-set.

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 issues were identified as areas for improvement that were common with all the tenants, including the design review processes, Port design standards, building and fire review times, and the permitting processes.

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

- (1) Developing a new ADR Master Plan with subject matter experts at the table including the tenants;
- (2) Evaluation of Port Standards and to create ADR-specific standards that would be included in the Request for Proposals;
- (3) Re-evaluate base building conditions based on new ADR Master Plan;
- (4) Prior to tenant design, the Port would demolish the space and provide a “vanilla shell;”

- (5) After demo, the Port would verify as-built conditions with the new tenant;
- (6) The Port would address any necessary based building conditions;
- (7) Port standards that impact ADR tenants will be discussed with Aviation Commercial Management/ADR team prior to implementation to understand the business and cost impacts to the tenants/program; and
- (8) Include subject matter experts during key planning decisions. The recommendations were discussed with Aviation leadership and adopted as best practices moving forward.

As these best practices were adopted after the Affected Tenants had completed their build-outs, the Affected Tenants were forced to pursue additional funding to pay for the unanticipated, increased costs beyond what was assumed during the ADR bidding process. To address this challenge, the Port Commission directs the Executive Director to review the Tenant Build-Out Analysis, evaluate the types and levels of financial impacts experienced by these tenants, and recommend how to implement the findings of the study.

Text of the Order

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

This recommendation shall provide options for addressing the additional costs suffered by the Affected Tenants that were not anticipated by either party at the time of the bidding process. Such options will consider appropriate compensation that may include lease extensions for the Affected Tenants if such tenants meet the general obligations of like tenants under longer-term leases.

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