

Section Seven - Small Business Participation

1. Indicate whether you qualify as a small business relative to the standards adopted by the U.S. Small Business Administration (SBA) in accordance with the size standards for your North American Industry Classification System (NAICS) code established by the SBA. If you qualify as a small business, include the following information in your proposal:
 - Business address and state and date of the establishment of your business
 - NAICS code for your business
 - Average annual receipts over the last three years
 - Confirmation that your business is organized for profit
 - Confirmation that your business operates primarily in the U.S. or makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials, or labor
 - Federal Tax Identification number
 - Confirmation that your business is independently owned and operated
 - Confirmation that your business is not dominant in its field on a national basis

Qdoba understands that the Port, in accordance with its concessions program policy guidance from February 14, 2012, seeks to create a balanced concessions program and “encourage participation in the concessions program by a mixture of large national companies and local small businesses.” We also understand that it is difficult to encourage small businesses to compete for airport opportunities and the Port hopes to increase participation by adding the criteria in this section to the CEP.

Although Qdoba does not qualify as a small business for the purposes of this CEP, we believe that we already play an important role as a supporter of small businesses in the community by way of the economic benefit we generate through our local operations. We are prepared to continue this commitment and expand upon it wherever possible.

Since Qdoba’s inception in 1995, the brand has supported small businesses with the suppliers it utilizes and the vendors it hires. The company continued that commitment in 1998 when it began franchising locations across the country. Today more than half of the System are franchised and/or licensed stores. Many of these stores are franchised/licensed to independent local business owners.

In other airport ventures, Qdoba has developed business relationships with small business franchisees and ACDBE partners in airports such as Newark International (EWR) and Dallas Fort Worth International (DFW). Due to the size of investment



required for the CT-12 location, the formation of an ACDBE joint venture would require a sizable investment by an ACDBE joint venture partner. In the event that an ACDBE joint venture becomes a deciding factor in the award of this opportunity, Qdoba would need additional time for the necessary internal approvals to select a qualified partner and form such a joint venture. However, it does not appear that by going this route the Port would recognize such an arrangement as small business for the scoring criteria.

Qdoba is classified as a full-service restaurant (SIC code 5812, NAICS code 72251117). The company as a whole makes a significant contributions to national, regional and local economies nation-wide. For example, the Qdoba at Sea-Tac has disbursed nearly \$4.5 million in payroll (including PTO/vacation, holiday, sick pay, and bereavement) and another \$300,000 in overtime and incentive pay to its employees since July 2010. This figure does not include other paid benefits or payroll taxes. The Qdoba at Sea-Tac has specifically contributed to the state economy by way of the 12.84% leasehold excise tax that has been paid annually on the first 7% of gross sales for the last ten (10) years. Based on our sales during calendar year 2015, Qdoba paid the State of Washington and King County nearly \$500,000 (or 9.5%) in sales tax.

Qdoba competes in an extremely crowded segment of the fast casual/quick serve Mexican restaurant category. Competition comes in the form of other national brands, regional brands and local (mom & pop) establishments. However, when it comes to offering healthy, freshly-prepared, flavor-packed, quick-serve Mexican cuisine – we remain a category leader.

2. Indicate whether and to what degree you commit to, and your proposed operation will include, any of the following four opportunities for participation by local, small and/or disadvantaged firms. A respondent should describe how its commitment meaningfully and significantly supports local, small, and/or disadvantaged businesses participation.
 - Sourcing products and/or supplies from local, small and/or disadvantaged firms
 - Mentoring of one or more small businesses
 - Providing product placement opportunities for products produced by small, local or disadvantaged businesses
 - Utilizing local, small and/or disadvantaged firms in the design and/or construction of your unit(s)

From the very beginning of Qdoba's tenancy at Sea-Tac, it has supported the growth of small businesses. Qdoba's initial build-out in 2005, was constructed by Wilcox Construction, a local, small business firm based in Edmonds, WA. If Qdoba is successful in its bid for the CT-12 location, we will again hire Wilcox to handle the construction. Our small business architecture firm, Illinois-based Lingle Design Group, is already on-board for this project having completed the renderings and space plan for this proposal and is



ready to begin work on a full set of construction plans. Wilcox Construction, who together with the company's 10 small business subcontractor firms, has estimated approximately 180 days to construct the unit. All of the furniture, fixtures and equipment for the new space would be purchased from northern California-based Avanti Restaurant Solutions, Inc., another small business partner.

During the course of construction, the Qdoba build-out will support approximately 35 local jobs. As outlined in our capital investment information, the total estimated investment for the new Brand in the CT-12 space is \$2.5 million, which will mostly be paid to small businesses with much of it remaining in the local community.

Small and minority owned businesses derive a sizable benefit from Qdoba's current operation at Sea-Tac. Qdoba is prepared to increase this benefit in the new expanded location. Currently, a number of our service providers for regular kitchen maintenance and repair are local small businesses, such as GSC Mechanical for repairs and maintenance of equipment and Northwest Kitchen Equipment for our quarterly exhaust hood cleanings.

Qdoba also sources some of its products from the local area. Due to our extremely stringent food quality controls, much of our mainstay products such as meat and produce arrive from Oregon with Food Services of America (FSA) and is sourced from a variety of approved locations. Eggs and bakery products today come from within the Puget Sound area. The Qdoba at Sea-Tac currently serves Tully's Coffee, which is produced by roaster Green Mountain Coffee in Sumner, Washington. Should we be successful in this CEP, the new Qdoba location will add craft beer from local brewers, such as Hillard's, Manny's, Two Beers Brewing, and EVO, to the offering.

Summary:

- The Qdoba at Sea-Tac creates a sizable, positive economic impact for the local community. Our history of high sales achievement has meant more jobs and a greater tax benefit in the community.
- Qdoba commits to sourcing some of its products, including bakery items, eggs coffee and beers from the Puget Sound area.
- On a corporate level, Qdoba actively mentors small business franchise owners, including some ACDBEs in select airport locations.
- Qdoba commits to using local, small and/or local firms in the design and construction of our proposed unit, supporting numerous local jobs as a result.

