

**MOTION 2020-13:  
A MOTION OF THE PORT OF SEATTLE COMMISSION**

to authorize adjustments to leases and other financial terms for airport dining and retail tenants.

**ADOPTED  
JUNE 9, 2020**

**INTRODUCTION**

The COVID-19 global pandemic is an unprecedented public health emergency that impacts the lives of everyone in the region and state. The Port of Seattle's top priorities during this difficult time are keeping employees, tenants, concessionaires, contractors, workers, customers, travelers and residents safe, while simultaneously strengthening our critical aviation and maritime infrastructure to advance trade and commerce and to support jobs, small and diverse businesses, and environmental sustainability.

At Seattle-Tacoma International Airport (SEA), a sustainable base of dining and retail (ADR) tenants is essential to the Port's overall budget and the passenger experience that the airport needs to provide in order to attract travelers. However, drastic reductions in air travel combined with Washington state's Stay Home, Stay Healthy order that limits dining and retail operations have put the financial futures of ADR businesses at risk. Loss of these businesses would not only impact the Port's budget in short-term lost revenue but also result in significant cost of replacing these businesses – such as procurement and build-out costs for new tenants.

Therefore, the Commission believes strongly that it is in the best interest of the Port and the financial sustainability of SEA to provide adjustments to ADR tenant leases and other financial terms to support the short and long-term viability of SEA's ADR program and all of its ADR tenants. These immediate decisions will provide certainty to the Port's partners and support regional economic recovery. The Commission and the Executive Director will continue to evaluate and adjust this approach as new information becomes available.

**TEXT OF THE MOTION**

The Port of Seattle Commission hereby provides the following direction to Port leadership:

- 1) The Commission authorizes the Executive Director to extend the leases of current ADR tenants by three years, with the exception of ADR kiosk tenants who will receive one additional year of term.

- 2) The Commission authorizes the Executive Director to temporarily suspend the Minimum Annual Guarantee (MAG) for ADR tenants through the end of 2020. The Port will revisit the MAG prior to the end of 2020 and will decide how MAG will be handled in 2021.

**STATEMENT IN SUPPORT OF THE MOTION**

The Port Commission's actions on April 1, 2020 authorized short-term economic relief to airlines, concessionaires and tenants operating at Seattle-Tacoma International Airport to address impacts of the health and economic crisis resulting from the COVID-19 pandemic.

The Commission also authorized the Executive Director to approve further relief depending on the economic conditions facing businesses on airport and non-airport Port properties. On April 24 and May 12, the Executive Director granted further assistance for airlines, the airport dining and retail (ADR) concessionaires and certain other businesses at the airport. However, in recognition of the significant challenges faced by ADR tenants (both lack of customers and state-imposed restrictions), airport staff continued consideration and analysis of potential financial relief for SEA's ADR businesses, including discussions about further financial relief with representatives of the Small Business Airport Action Committee (SBAAC), which represents a number of women-owned and minority ADR businesses.

The proposed changes to ensure the financial sustainability of these tenants are justified by the Port's strong interest in taking actions to preserve those businesses in order to serve travelers when the economy recovers. These lease and financial term changes will provide a greater opportunity for ADR tenants to offset losses from the COVID-19 economic impacts and will substantially benefit the Port by promoting ADR tenant financial stability during the COVID-19 emergency, postponing through lease extensions the need to incur the substantial costs of procuring new tenants and leases for ADR spaces, and supporting the long-term viability of the ADR program and its readiness to ramp-up as soon as possible once passenger enplanements begin to return to normal levels.