

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.** 3b  
**Date of Meeting** August 23, 2016

**DATE:** August 5, 2016  
**TO:** Ted Fick, Chief Executive Officer  
**FROM:** David McFadden, Managing Director, Economic Development Division  
**SUBJECT:** Approve Port Economic Development Partnership Applications

**Amount of This Request:** \$294,335  
**Est. Total Project Cost:** \$962,435

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to execute Economic Development Partnership Program contracts with the Cities of Auburn, Des Moines, Duvall, Issaquah, Kenmore, Kirkland, Normandy Park, North Bend, and Redmond to implement local economic development initiatives for an amount not to exceed \$294,335, as detailed below.

**SYNOPSIS**

The following nine cities have completed their partnership application and staff is recommending the Port execute contracts with these jurisdictions. Staff has reviewed each city application and is confident each local partnership initiative is impactful and ties to Port business interests. Other participating cities are finalizing applications for review at the September 27 Commission meeting.

- **Auburn - \$65,000**
  - Develop a business to business supply chain database to promote local business
  - Support microbusinesses and Auburn incubator tenants
- **Des Moines - \$30,100**
  - Complete a pre-design feasibility study for a multi-use facility at the downtown Marina location.
  - Complete a market demand assessment of the Marina and downtown as “destination locations” to accommodate future growth.
  - Complete a parking study assessment for downtown and Marina redevelopment.
- **Duvall - \$7,345**
  - Update City Economic Development Vision and Plan
  - Support “Savor Snoqualmie”, a new regional tourism promotion group supported by each Snoqualmie city.
  - Continued branding and marketing efforts

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- **Issaquah - \$33,330**
  - Provide six workshops through the Chamber of Commerce for business training
  - Create a video for business recruitment and community marketing to support existing print materials.
- **Kenmore - \$21,500**
  - Provide training and technical support to companies involved with the City's business incubator
  - Promote the City's image for business development and tourism
  - Build on local assets like Bastyr University, Kenmore Air, Edward State Park, Lakepointe and Kenmore's emerging brewery district
- **Kirkland - \$65,000**
  - Partner with Bellevue and Redmond to promote ICT cluster growth
  - Participate in tradeshow events to attract technology companies
  - Provide business assistance to startup companies
  - Prepare an engineering study to increase transient moorage at Kirkland Marina
- **Normandy Park - \$6,420**
  - Provide training through SBDC at Highline Community College to address small business needs
- **North Bend - \$6,460**
  - Develop a series of videos to promote outdoor recreation and tourism related businesses
- **Redmond - \$59,180**
  - Develop a marketing and media package that includes video, business cluster fact sheets, print and digital brochures.
  - Participate in business recruitment events including D.I.C.E (Design, Innovate, Communicate, Entertain) and the Space Foundation Symposium.

## **BACKGROUND**

In June the Commission created a new economic development grant fund that provides 38 King County cities per capita funding to advance local economic development throughout the region. Annual grant funding is being provided on a \$1 per capita formula with a maximum of \$65,000 while ensuring each city receives at least \$5,000 (see allocations on next page)

The new grant fund is structured to drive meaningful outcomes:

- Provide some flexibility to define local economic development projects
- Tie to economic development (ideally the Century Agenda although not required)
- Require a 50 percent local match to ensure cities are also committed to project success

Port staff held three application workshops to promote the new program. Staff also connected with cities via email and responded to numerous questions from municipalities.

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### **PROJECT JUSTIFICATION AND DETAIL**

The Port's new Port Economic Development Partnership Program grant program helps address the lack of economic development funding for local projects. The Port will also use this new program to accomplish Century Agenda goals through purposeful economic development partnerships with local cities.

#### ***Project Objectives***

The Port Economic Development Partnership Program will help the Port advance regional economic vitality through focused partnerships with King County cities. Grants will be made to each city to pursue programs and projects that stimulate business development, job creation and community revitalization. Each participating city may in turn contract with local nonprofits (ex. Chamber of Commerce, Visitor Bureau, etc.) to carry out specific initiatives. Port Economic Development Partnership Programs can be used to support the following economic development activities:

- Business recruitment initiatives designed to attract new companies to a region or city
- Small business development (including incubator/accelerator projects)
- Industry retention and expansion assistance (ex. Maritime, Aerospace, etc.)
- Tourism development
- Downtown revitalization
- Commercial or industrial property development
- Other community or economic development projects that support new investment and job creation

The Revised Code of Washington article 53.08.245 authorizes the port to engage in economic development programs. While RCW 53.08.245 specifically permits ports to engage with non-profit corporations in furtherance of such programs, it does not address port engagement with other governmental agencies.

Another port district statute, RCW 53.08.240 (2) permits the Port to enter into contracts with other municipal corporations (as well as counties, US government and State). The Interlocal Cooperation Act, Chapter 39.34 RCW, and specifically RCW 39.34.080, also permit such joint activity. The general requirement is that in all the joint activities, the two agencies must be able to exercise the same power separately as they intend to exercise jointly. RCW 35.21.703 authorizes cities to enter into economic development programs.

These statutes allow the Port to make funds available to King County cities for the purpose of advancing programs that are consistent with Port related/authorized activities. Contracts or interlocal agreements will identify the specific obligations of each party (and the specific use of the Port funds) to ensure that partnerships and initiatives pursued are appropriate.

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### ***Work Completed to Date***

Port staff has taken several steps to implement the new Port Economic Development Partnership Program grant program authorized in June:

- Publicized grant fund development and purpose;
- Developed a simple four-page grant application;
- Publicized and conducted three application workshops for cities and their partners;
- Worked with Strategic Initiatives and Legal Department to develop model agreements and resolutions each city would use to implement partnerships; and
- Answered numerous questions from partner cities about the program.

### ***Schedule***

June 14 – Commission Authorization

June 14 – Public information (including web content) about Port Economic Development Partnership Program available

June/July – Application workshops

August to October 2016 – Agreements negotiated and approved with King County Cities

June 2016 to May 2017 – Project implementation

May 2017 – Project evaluation

## **FINANCIAL IMPLICATIONS**

### ***Budget Status and Source of Funds***

The Port Economic Development Partnership Program is a new initiative that will cost \$962,435 to implement in 2016. The Port property tax levy will be used to support the initial 2016 grant program.

### ***Lifecycle Cost and Savings***

The Port Economic Development Partnership Program is anticipated to operate annually. It will likely cost between \$950,000 and \$1,000,000 per year unless the Commission changes or eliminates the program.

## **STRATEGIES AND OBJECTIVES**

This project supports the Century Agenda vision of adding 100,000 jobs through economic growth led by the Port of Seattle. Grant funds will be distributed to 38 city partners in King County so a larger team is working to create middle class jobs within the region. Through purposeful contracts with local governments, the Port can extend its economic development reach to all parts of King County.

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Creating a Port Economic Development Partnership Program also honors the Port's commitment to create economic opportunity for all, partner with surrounding communities, and promote social responsibility. The new grant program also can help:

- Position the Puget Sound region as a premier international logistics hub;
- Advance this region as a leading tourism destination and business gateway;
- Promote small business growth; and
- Anchor Puget Sound urban-industrial land use to prevent sprawl in less developed areas.

## **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Delay action until September

Cost Implications: Alternative 1 would cost nothing.

### Pros:

- (1) This provides time for Port to see what all the cities are doing before the Commission makes numerous individual commitments
- (2) A later deadline gives cities more time to develop their initiatives and complete their partnership grant applications.

### Cons:

- (1) The Port may not know what every city intends to do with partnership funds until October and the comprehensive view of program impacts still may not be completely clear
- (2) The Century Agenda's success depends in part on teamwork. Without active economic development partnerships with King County cities the Port may not realize Century Agenda aspirations and goals.

This is not the recommended alternative.

**Alternative 2** – Have each city present its proposed partnership initiative to the Commission as a basis for contract approval.

Cost Implications: If the Commission approves (or declines) each city project it is difficult to pinpoint overall costs for the program. At the most, the cost would still be approximately \$962,000 annually.

### Pros:

- (1) Allows the Commission to understand and approve each partnership project
- (2) Builds rapport between applicant cities and the Port Commission

### Cons:

- (1) It may be unwieldy to schedule 38 cities into Commission meetings
- (2) This process will likely create delays in overall project implementation

This is not the recommended alternative.

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**Alternative 3** – Approve partnership agreements for the 9 cities that are ready to implement economic development projects

Cost Implications: The cost of these agreements is \$ 294,335. If the Port entered into agreement with the other 29 cities the program would cost approximately \$962,000 annually (not including staff time)

Pros:

- (1) Taking action on these agreements today is consistent with process timelines staff shared with cities at application workshops and in program literature.
- (2) Supporting agreements with nine cities allows these jurisdictions to start work on their economic development initiatives right away.

Cons:

- (1) It will be hard for the Commission to contrast details of each city grant and see how the broader grant program is being implemented when contracts are approved over several Commission meetings.

**This is the recommended alternative.**

## **ATTACHMENTS TO THIS REQUEST**

- none

## **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- June 14, [2016](#) – Commission authorized the Chief Executive Officer to: (1) establish a new economic development grant fund; (2) authorize up to \$1,000,000 for 2016 grants to King County cities; and (3) perform necessary project management and contract administration to support the new grant program.