

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
CONSENT ITEM

Item No. 4c
Date of Meeting September 27, 2016

DATE: September 19, 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: \$132,350
Est. Total Project Cost: \$962,435

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute Economic Development Partnership Program contracts with Cities of Bellevue, Shoreline and Snoqualmie for an amount not to exceed \$132,350 as detailed below. Due to time sensitive projects, staff is requesting these three City Partnership applications be approved.

SYNOPSIS

The following cities have completed their partnership application and staff is recommending the Port execute contracts with these jurisdictions. Staff has reviewed each application and is confident each local initiative is impactful and ties to Port business interests. Other city applications will be reviewed at the October 11, Commission meeting.

Bellevue - \$65,000

- Establish partnerships with eastside cities to enhance Startup 425, a business support center.
- Provide export and marketing training to technology companies in preparation of attending Mobile World Congress;
- Undertake an event to recruit international technology companies identified at Select USA, scheduled for October 10, 2016.
- Collaborate with eastside cities in marketing the Innovation Triangle.

Shoreline - \$54,500

- Develop a Request for Expression of Interest (RFEI) Prospectus to attract public and private investment for a Shoreline Media Campus. The Media Campus is intended for local production of movies, episodic television, commercials and gaming content and provide a flexible platform for new technology production to thrive such as VR/AR. The

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RFEI will provide information on market demand, design and financial models to present this opportunity to potential investors and developers.

Snoqualmie - \$12,850

- Collaborate with other Snoqualmie Valley cities on the Savor Snoqualmie branding and marketing campaign.
- The City of Snoqualmie will create a poster series promoting outdoor recreation, culinary experiences, cultural heritage and local art; develop and install wayfinding signage connecting the city to the Snoqualmie Trail and develop a calendar of events which will assist online visitors to develop local itineraries.

BACKGROUND

In June the Commission created a new economic development grant fund that provides thirty eight 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. The Port established an August 1 application deadline for cities wanting to have their partnership agreements considered at the August 23 Port Commission meeting. A September 1 deadline has been established for cities wanting to have their agreements considered at the September 27 Commission meeting. Due to time sensitive projects 3 applications will be considered on the consent agenda on September 27th, with the remainder scheduled for the October 11 Commission meeting.

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

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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.

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.

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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.

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.

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Delay action until October

Cost Implications: Alternative 1 would cost nothing.

Pros:

- (1) It would be good to see what all the cities are doing before we make 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 3 cities that are ready to implement economic development projects

Cost Implications: The cost of these agreements is \$ 132,350. If the Port entered into agreement with the remaining 26 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 3 cities allows these jurisdictions to start work on their economic development initiatives right away as these projects are time sensitive.

Cons:

- (1) It will be hard for the Commission to see how the broader grant program is being implemented when contracts are approved over several Commission meetings
- (2) It will also be harder for the Commission to understand details within specific city applications if they are approved in batches under a single Commission agenda item.

This is the recommended alternative.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

June 14, 2016 - The Commission authorized the establishment of the Economic Development Partnership Program.

August 23, 2016 – The Commission approved nine city applications in the amount of \$294,335.