



**COMMISSION
AGENDA MEMORANDUM**

Item No. 7b

BRIEFING ITEM

Date of Meeting March 28, 2017

DATE: March 17, 2017

TO: Dave Soike, Interim Chief Executive Officer

FROM: David McFadden, Managing Director
Teresa Delicino, Small Business Development Director

SUBJECT: Small Business Department Update (incubators and MWBE utilization)

EXECUTIVE SUMMARY

Port staff is advancing several small business development initiatives to create quality jobs and advance the Century Agenda. The briefing will update the Commission on:

1. Port Small Business Goals;
2. City of Seattle Procurement policies and programs and how they could be a model for Port small business utilization initiatives; and
3. Port business incubator initiatives.

PROCUREMENT PROGRAMS AND POLICIES

Port staff is making extra efforts to ramp up the proportion of funds spent by the Port with small business and Women and Minority Enterprise (WMBE) firms in construction, consulting and goods and services. The Boston Consulting Group provided the Port a roadmap last fall to improve small business utilization. The Port is now implementing a plan to increase outreach, provide small business training and make needed improvements within the Port.

More recently a Port team visited the City of Seattle to look at their small business programs. The City focuses its resources and policies on women and minority business (WMBE) development. Seattle has been able to focus on the needs of these disadvantaged businesses despite Initiative 200 (I-200) limitations. Driven by executive order and supported by council policy, the City of Seattle's procurement system could serve as a model for refining Port small business programs.

Seattle has been able achieve 13-15+ percent MWBE utilization for the past four years. This compares to the Port's MWBE utilization of 4-5 percent during the same period. Seattle's results show it is doing more to provide opportunities and level the playing field for disadvantaged businesses.

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Port staff wants to do more to support WMBE utilization and has set a 2017 goal to double both the number of WMBE businesses being utilized and the overall spend on these disadvantaged business enterprises. To achieve this goal the Port will likely need to emulate some of the City's programs and policies.

Port Incubator/Accelerator Initiatives

Business incubators and accelerators can support small business within construction, maritime, manufacturing and other key Port clusters. The Port's small business department completed an assessment of local incubators last March that found:

1. There are approximately 60 accelerator, incubators and co-working spaces in King County;
2. Successful incubators provide more than space;
3. Incubator success depends on both design/development at the outset and successful operations management on an ongoing basis; and
4. Among food-focused entrepreneurs, space ranked ahead of funding as a top concern.

The study recommended that the Port champion small business assistance and coordinate assistance opportunities. It also suggested that the Port could use its real estate and capital assets to provide space or land for the following types of incubators:

- **Marine Industry Incubator**

Utilize Port-owned land at Fisherman's Terminal or uplands at Terminal 91 to support an incubator focused on the marine industry. Easy access to storage sheds, material handling equipment and net repair areas makes the Fisherman's Terminal location unique and attractive for maritime companies.

- **Construction Incubator**

Utilize some of the Port's available building space to develop a one-stop support center for small businesses in construction, architecture, engineering or similar fields. This would build on the Port's technical assistance and outreach efforts for businesses interested in contracting opportunities with the Port.

- **Commercial Food Processing Incubator**

Provide a shared-use, licensed, commercial kitchen that allows entrepreneurs to develop products and enterprises without the high overhead cost of purchasing facilities, equipment, and necessary licensing.

- **Manufacturing Incubator**

Establish an incubator with suitable space, mentoring support, and shared tools/resources for small startup manufacturing companies.

The Port's small business team is moving forward to develop maritime, construction and food processing incubators. Developing manufacturing incubators may also take shape after

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advancing these other initiatives. More detail on each incubator initiative can be found in the Small Business Development Plan that follows this memo.

Small businesses play a vital role in King County and across the United States. These enterprises are our country's top job creators, exporters and innovators. The Port can play a meaningful role to support small business by:

1. Implementing applicable best practices from the City of Seattle's Small Business Program
2. Consider updates to the Port's small business resolution (3618); and
3. Carefully moving Port supported incubator projects forward

ATTACHMENTS TO THIS BRIEFING

- (1) Presentation slides
- (2) Small Business Development Plan
- (3) 2016 Port incubator study

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

March 22, 2016 – Small Business Utilization briefing

December 14, 2014 – Disparity Study briefing

August 19, 2014 – Small Business Utilization briefing

January 26, 2010 – Adoption of Resolution No. 3618 concerning small business utilization