



**COMMISSION
AGENDA MEMORANDUM**

Item No. 4b

ACTION ITEM

Date of Meeting August 15, 2017

DATE: July 25, 2017

TO: Dave Soike, Interim Executive Director

FROM: Dave McFadden, Managing Director, Economic Development Division

SUBJECT: Approve Port Economic Development Partnership Applications

Amount of this request: \$235,785

Total estimated project cost: \$965,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute Economic Development Partnership Program contracts with the Cities of Burien, Duvall, Mercer Island, Kent, Federal Way, and Maple Valley to implement local economic development initiatives for an amount not to exceed \$235,785, as detailed below.

EXECUTIVE SUMMARY

The following six 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 and October Commission meetings.

- Burien - \$50,000
 - Build off wayfinding plan completed with 2016 grant and install signage throughout the downtown. Installing new signage will help attract businesses and visitors to the City
- Duvall - \$7,425
 - Create an art and heritage brochure that highlights the city's history and attractions
 - Develop signage to promote McCormick Park along the Snoqualmie Valley Trail
 - Partner with Savor Snoqualmie to promote Duvall
- Mercer Island - \$23,660
 - Implement wayfinding signage program to promote Town Center and walkable retail
 - Add wayfinding signs at other key city locations to highlight businesses, parks and other community activities

Meeting Date: August 15, 2017

- Kent - \$65,000
 - Develop a local workforce training center to support advanced manufacturing and logistics firms in Kent
 - Create a logistics taskforce to help create an apprenticeship pathway for logistics occupations
 - Partner with workforce training organizations and institutions to support placement and training for immigrant and refugee communities
- Federal Way - \$65,000
 - Build off 1st year grant program and expand business recruitment efforts
 - Promote foreign direct investment through visits to sister cities in Korea and Japan
 - Promote Federal Way as a business location for companies serving or supporting SeaTac International airport
- Maple Valley - \$24,700
 - Complete a hotel market demand study
 - Develop collateral materials that promote business investment opportunities in the City (including a visitor brochure).

JUSTIFICATION

In June 2016 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 Economic Development Partnership program 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 met with cities in June to discuss 2016 results and kick off the 2017 grant cycle.

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;

Meeting Date: August 15, 2017

- 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.

DETAILS

The Port's 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.

Scope of Work

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

Meeting Date: August 15, 2017

inter-local 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.

Schedule

June 26 – Meeting with cities to highlight 2016 results and provide overview on 2017 program

June 27 – Public information (including web content) about Port Economic Development Partnership Program available

August to October 2017 – Agreements negotiated and approved with King County Cities

June 2017 to May 2018 – Project implementation

May 2017 – Project evaluation

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

Meeting Date: August 15, 2017

This is not the recommended alternative.

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

Cost Implications: The cost of these agreements is \$235,785. If the Port entered into agreement with the other cities the program would cost approximately \$965,000 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 six 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.

FINANCIAL IMPLICATIONS

The Port Economic Development Partnership Program is a new initiative that will cost approximately \$965,000 to implement in 2017. The Port property tax levy will be used to support the 2017 grant program.

Future Revenues and Expenses (Total cost of ownership)

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.

ATTACHMENTS TO THIS REQUEST

- (1) 2016 Summary Economic Development Partnership Grant report

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- June 27, 2017 – Commission briefing on 2016 results.
- November 8, 2016 – Commission authorized CEO to execute 4 city contracts totaling \$81,770.
- October 11, 2016 – Commission authorized CEO to execute 15 city contracts totaling \$411,170.

Meeting Date: August 15, 2017

- September 27, 2016 - Commission authorized CEO to execute three city contracts worth \$132,350.
- August 23, 2016 – Commission authorized CEO to execute nine city contracts worth \$294,335.
- 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.