



**COMMISSION
AGENDA MEMORANDUM**

Item No. 3b

ACTION ITEM

Date of Meeting October 10, 2017

DATE: September 21, 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: **\$414,150**

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 Auburn, Bellevue, Covington, Kirkland, Newcastle, Normandy Park, North Bend, Redmond, Sammamish, SeaTac, Snoqualmie, and Tukwila to implement local economic development initiatives for an amount not to exceed \$414,150, as detailed below.

EXECUTIVE SUMMARY

The following thirteen cities have completed their partnership applications and staff is recommending the Port execute contracts with these jurisdictions. Staff have 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 November Commission meeting.

- Auburn - \$65,000
 - Build upon the business incubator initiative launched last year with business assistance workshops and development of a resource network for entrepreneurs in their innovation partnership zone (mentors, attorneys, venture capital, angel investors, bankers, and other public sector resources).
 - Refine the City's business license process to improve the quality of information for a marketable and searchable buy-local database and www.ipzAuburn.com website.
- Bellevue - \$65,000
 - Enhancement and deployment of Innovation Triangle Facebook and LinkedIn page with activities and business announcements
 - Review current cluster market and business district profile sheets
 - Attend business trade shows in NewSpace and other events like SelectUSA to attract information and communication technology companies

Meeting Date: October 10, 2017

- Build startup finance education and a “global passport program” designed to support startups with limited export experience as part of the StartUp 425 initiative of the Innovation Triangle
- Covington - \$16,000
 - Implement Town Center redevelopment project by designing and placing street pole banners as part of a new program which will demarcate the boundaries of a new town center currently in its planning stages and publicizes local attractions
- Kirkland - \$65,000
 - Build upon initiatives launched last year related to the Innovation Triangle with resources going to marketing materials, a new social media engagement strategy, updating of website, and participation at business site selection events.
 - Expanding moorage at Marina Park to help recruit commercial, recreational tourism boats and increase access to Kirkland’s central business district.
- Newcastle - \$11,000
 - Develop and design gateway sign to create a sense of arrival into the city and which is part of a larger effort of heritage landmark signage meant to support transition of the main commercial area into an attractive, downtown type location for visitors, businesses and ultimately redevelopers to invest.
- Normandy Park - \$6,420
 - Attract potential visitors from the airport through an improved website and wayfinding signage to recreational locations.
- North Bend - \$6,570
 - Creation of a new visitor website that will highlight opportunities in and around North Bend and connect visitors and residents to the local economy.
 - Improved signage that will guide residents and visitors to North Bend’s historic downtown’s attractions.
- Redmond - \$60,560
 - Attract new companies to Redmond with an emphasis in the software and interactive media through participation in several targeted conferences and trade shows with business leaders in these fields.
 - Update and enhance Redmond’s marketing materials with visualizations of planned development in urban centers and villages used to explain the City as an ideal place to locate.
- Sammamish - \$61,250
 - Development of a distinctive new City brand in keeping with the levels of quality set by Eastside neighbors
 - Develop an implementation and marketing plan for introducing a new brand
- SeaTac - \$27,810
 - Establish a “Business Synergy Program” which will identify small business needs and opportunities to products and services of other local businesses

Meeting Date: October 10, 2017

- Design wayfinding signage to help guide visitors from the airport to businesses and hotels as well as community artwork on 188th street entryway.
- Snoqualmie - \$10,000
 - Reinvest in Savor Snoqualmie’s tourism initiatives started last year
 - Create new hard copy and electronic marketing materials that support “local first” products, guidebooks, and wine events
 - Installation of new wayfinding signs to Snoqualmie Valley Trail to promote both the falls and Meadbrook Farm
- Tukwila - \$19,540
 - Development of marketing materials (specifically visualizations and renderings of planned buildings on Tukwila International Blvd) to promote Southcenter and Tukwila International District redevelopment plans as a prospective siting opportunity to real estate developers, non-profits, and public agencies

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;
- 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.

Meeting Date: October 10, 2017

DETAILS

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 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.

Meeting Date: October 10, 2017

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 October

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: October 10, 2017

This is not the recommended alternative.

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

Cost Implications: The cost of these agreements is \$124,320. 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 three 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

Annual Budget Status and Source of Funds

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

Meeting Date: October 10, 2017

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- August 15 – Commission authorized Executive Director to execute six city contracts totaling \$235,785
- June 27, 2017 – Commission briefing on 2016 results
- November 8, 2017 – Commission authorized CEO to execute four city contracts totaling \$81,770
- October 11, 2016 – Commission authorized CEO to execute fifteen city contracts totaling \$411,170
- 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.