



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 9a

**BRIEFING ITEM**

**Date of Meeting** March 13, 2018

**DATE:** February 20, 2018

**TO:** Steve Metruck, Interim Executive Director

**FROM:** David McFadden, Managing Director, Economic Development Division

**SUBJECT:** Presentation on Formation of Regional Economic Development Alliance

**EXECUTIVE SUMMARY**

Significant changes are unfolding that will impact the organization and delivery of trade and economic development initiatives in King County and the Puget Sound region. Over the next four months, both the Economic Development Council of Seattle-King County (EDC) and the Trade Development Alliance of Greater Seattle (TDA) will integrate most of their existing programs under a newly created Regional Economic Development Alliance (REDA).

The Port provides significant funding (\$192,000/year) to the EDC and TDA so it is important to understand how these changes will impact our longstanding partnerships and the regional economic development landscape. REDA has also asked the Port to invest \$50,000 in its initial planning and start up activities.

**Background**

Challenge Seattle – a private-sector initiative led by former Governor Chris Gregoire and the CEOs of the Puget Sound region’s largest companies – has led efforts to create REDA in order to better coordinate and execute on a shared economic development approach. Creating this new organization addresses a widely-held criticism from local stakeholders that our area’s economic development efforts are too diffuse and ineffective as a result.

Challenge Seattle benchmarked best-in-class economic development organizations from across the country and led site visits with local leaders (including Port of Seattle Commissioner Stephanie Bowman) to visit some of these metro areas. In particular, they found 1) that high performing economic development organizations concentrate significant activities into a regional organization, 2) that the private sector is a critical partner in success, and 3) that key functions of the regional organization include lead generation, research and analysis, marketing and CEO engagement.

Local leaders used this information to create a blueprint for the proposed Regional Economic Development Alliance. Both the EDC and TDA Boards recently voted to integrate under REDA on or before July 1 when the following conditions are met:

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1. REDA has been incorporated into a 501 c (x) and established its governance structure including:
  - a. Representatives from the public sector as agreed upon through the 2017 public sector governance structure discussions; and
  - b. Representatives from private sector leaders representing small, medium and large business interests.
2. A Chief Executive Officer has been hired to lead REDA's staff and programs.
3. A consultant has been hired to develop, in partnership with industry associations, an economic development delivery strategy that will be implemented by REDA.
4. A work plan for REDA has been developed to support business attraction, marketing and research until the consultant's strategy has been completed.
5. A funding model and budget has been established and initial seed funding of \$1.5M has been raised to support the development of the organization.
6. REDA has committed to and established an investor advisory group mechanism to drive engagement by REDA with small/medium sized businesses and governments as well as member of the labor, education and workforce development organizations to help ensure broad input and participation from regional economic stakeholders.
7. TDA and EDC staff will be given the opportunity to transition into REDA.
8. REDA will assume the assets and liabilities of TDA and EDC at a mutually agreed upon transition date in 2018.

Bob Drewel is serving as REDA's interim executive until they hire a CEO. Once a CEO is on board the organization will develop a comprehensive five-year strategy to market the region, attract new business, and create jobs. REDA is incorporating as a 501(c)(6) nonprofit organization and will have a mix of private/public board representatives from across the Puget Sound region. The new alliance will also be raising funds to sustain its work and wants to ultimately be at least 50 percent privately funded.

At this point REDA is not proposing to carry forward business retention and expansion (BRE) initiatives. Efforts to support key clusters and local company expansion projects have been a core part of the EDC's initiatives but it is unclear whether this work will be sustained. EDC staff is working with industry association leaders on a BRE transition plan - whether this initiative is continued is unclear at this point.

King County is also working to determine where state associate development organization (ADO) funding should go. A little over \$200,000 annually has gone to the EDC to support recruitment and retention work. Since the state requires ADO organizations to do some level of retention/expansion work, these funds will not go to REDA.

Staff will keep the Commission apprised of how REDA moves forward. There will be a number of engagement opportunities for Commissioners and the Port will be asked to help fund the organization on an ongoing basis. Staff may also propose changes to the Port Economic

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Development partnership program to ensure city grant recipient’s activities are aligned with REDA.

**ATTACHMENTS TO THIS BRIEFING**

- (1) Presentation slides
- (2) REDA Resolution

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None