



**COMMISSION
AGENDA MEMORANDUM**

Item No. 7a

ACTION ITEM

Date of Meeting June 12, 2018

DATE: June 12, 2018

TO: Stephen P. Metruck, Executive Director

FROM: Dave McFadden, Managing Director, Economic Development Division

SUBJECT: Approve Port Economic Development Partnership Applications

Amount of this request: \$ 11,410

Total estimated project cost: \$925,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute Economic Development Partnership Program contracts with the City of Enumclaw to implement local economic development initiatives for a total amount not to exceed \$11,410.

EXECUTIVE SUMMARY

The Port of Seattle's Economic Development Partnership Program provides King County cities per capita funding to advance local economic development throughout the region. Annual grant funding is provided on a \$1 per capita formula with a maximum of \$65,000 while ensuring each city receives at least \$5,000.

The 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's although, not required)
- Require a 50 percent local match to ensure cities are also committed to project success

Staff is seeking Commission authorization to execute an ED Partnership grant contract with the City of Enumclaw. The City of Enumclaw would use an \$11,410 grant to promote their downtown during the fall and holiday shopping season. Wayfinding banners and a concerted promotional campaign are planned to attract tourists and residents to the central business district between October and Christmas. The City was unaware of the Port's Economic Development Partnership program until recently when it received a Port tourism grant. The City would like to take advantage of the Port partnership grant to implement downtown revitalization and tourism projects this fall.

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At the Commission meeting, the Cities of Federal Way, SeaTac, Issaquah and Kenmore will be providing updates to the Commission on their grant funded initiatives. The City of Federal Way is using a partnership grant to support business recruitment. In particular the City is working to attract foreign direct investment through a partnership with foreign consulate offices.

Issaquah is investing Port partnership funds in several projects. They are establishing a new tourism marketing organization, providing “Chamber University” training to small businesses, and part of a regional StartUp 425 initiative that is helping companies learn to export.

SeaTac is building off the Port partnership to improve wayfinding signage to the City’s main services. With 60,000 cars coming through SeaTac daily, the City wants to better capture visitors and travelers going to and through the City.

Kenmore has used partnership grants to support small business training and their business incubator. The City recently won a Municipal Excellence Award for Economic Development from the Association of Washington Cities for the work they have done with Port grants.

JUSTIFICATION

This Economic Development partnership program supports the Century Agenda vision of adding 100,000 jobs through economic growth led by the Port of Seattle. Grant funds are distributed to city partners in King County (outside Seattle) so a larger team is working to create middle class jobs within the region. Through purposeful contracts with local governments, the Port is extending its economic development reach to all parts of King County.

The Port’s 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 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.

DETAILS

The Port Economic Development Partnership Program helps the Port advance regional economic vitality through focused partnerships with King County cities. Grants are made to participating cities to pursue programs and projects that stimulate business development, job creation and community revitalization. Cities may in turn contract with local nonprofits (ex. Chamber of Commerce, Visitor Bureau, etc.) to carry out specific initiatives. Port Economic

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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, U.S. 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.

2018 Schedule

June 12 – Commission makes decision to award proposed grants

June/July – Agreements negotiated and approved with Enumclaw and King County.

August through October -- Project implementation

November – Projects complete – final reports due to Commission

December – Annual program evaluation complete – Commission briefing on results and any proposed changes to program for next year

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Decline or postpone ED Partnership projects in Enumclaw

Cost Implications: \$0

Pros:

- (1) Saves Port funding that can be used to support other initiatives.
- (2) Provides Commission and staff additional time to consider other projects.

Cons:

- (1) Leaves gap in signage for visitors using the Savor Snoqualmie trail system.
- (2) Sends mixed signal to City of Enumclaw.

This is not the recommended alternative.

Alternative 2 – Approve contracts for Enumclaw

Cost Implications: \$11,410

Pros:

- (1) Enumclaw is ready to partner with the Port on a local economic development initiative.
- (2) Enumclaw providing 50% match funds to leverage Port dollars and show commitment to projects.

Cons:

- (1) Funding request is outside normal application cycle – applicant will have less time to complete projects.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

The Port Economic Development Partnership Program budget is \$965,000 annually based on per capita funding formulas. There are about ten cities that do not participate in the program and several cities have not used all their grant funds. Twenty-eight cities participated in the inaugural partnership program (2016-2017) investing \$755,762 in economic development initiatives throughout King County. For 2017-2018 we expect cities to use their funds and invest approximately \$910,000 in economic development initiatives. The Port property tax levy supports this grant program.

ATTACHMENTS TO THIS REQUEST

- (1) Economic Development Partnership Grant Program
- (2) 2016 Summary Economic Development Partnership Grant Report

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

November 14, 2017 – Commission authorized five city contracts totaling \$76,265.

October 11, 2017 – Commission authorized 15 city contracts totaling \$411,170.

September 12, 2017 – Commission authorized six city contracts totaling \$212,610.

August 15, 2017 – Commission authorized six city contracts totaling 235,785.

June 27, 2017 – Commission briefing on 2016 results.

November 8, 2016 – Commission authorized four city contracts totaling \$81,770.

October 11, 2016 – Commission authorized 15 city contracts totaling \$411,170.

September 27, 2016 - Commission authorized three city contracts worth \$132,350.

August 23, 2016 – Commission authorized 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.