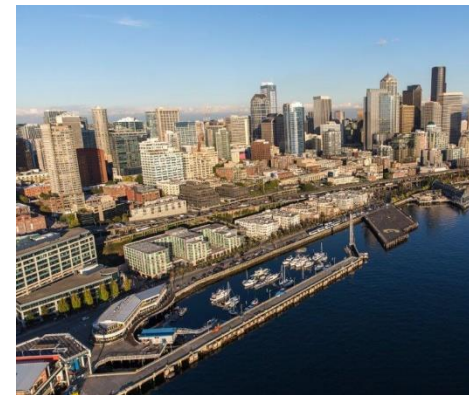


Economic Development Division



2019 Business Plan and Budget Development Preview

Overview

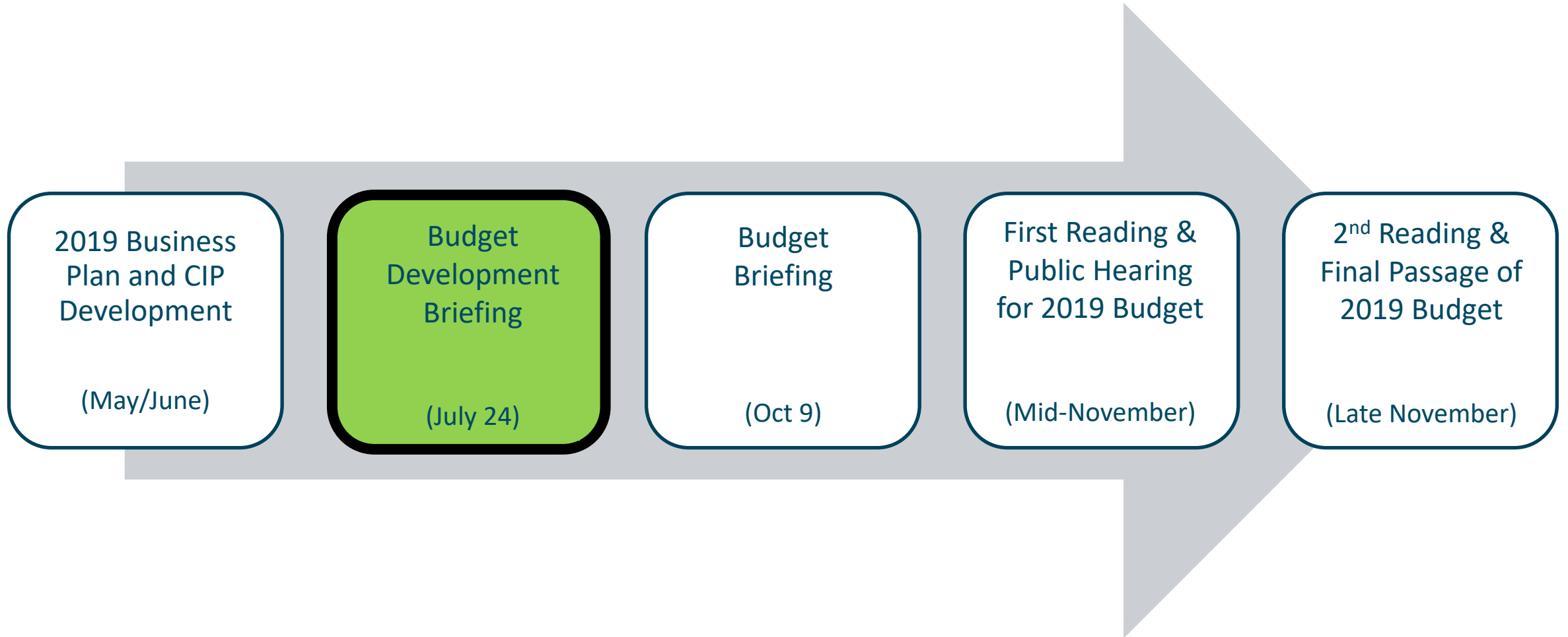
- Key Budget Timelines
- Situational assessment
- Alignment with Century Agenda/Long Range Plan
- Economic Development Priorities for 2019
- 2019 Operating and Capital Budget Needs



Maritime Cluster Positioned for Growth:

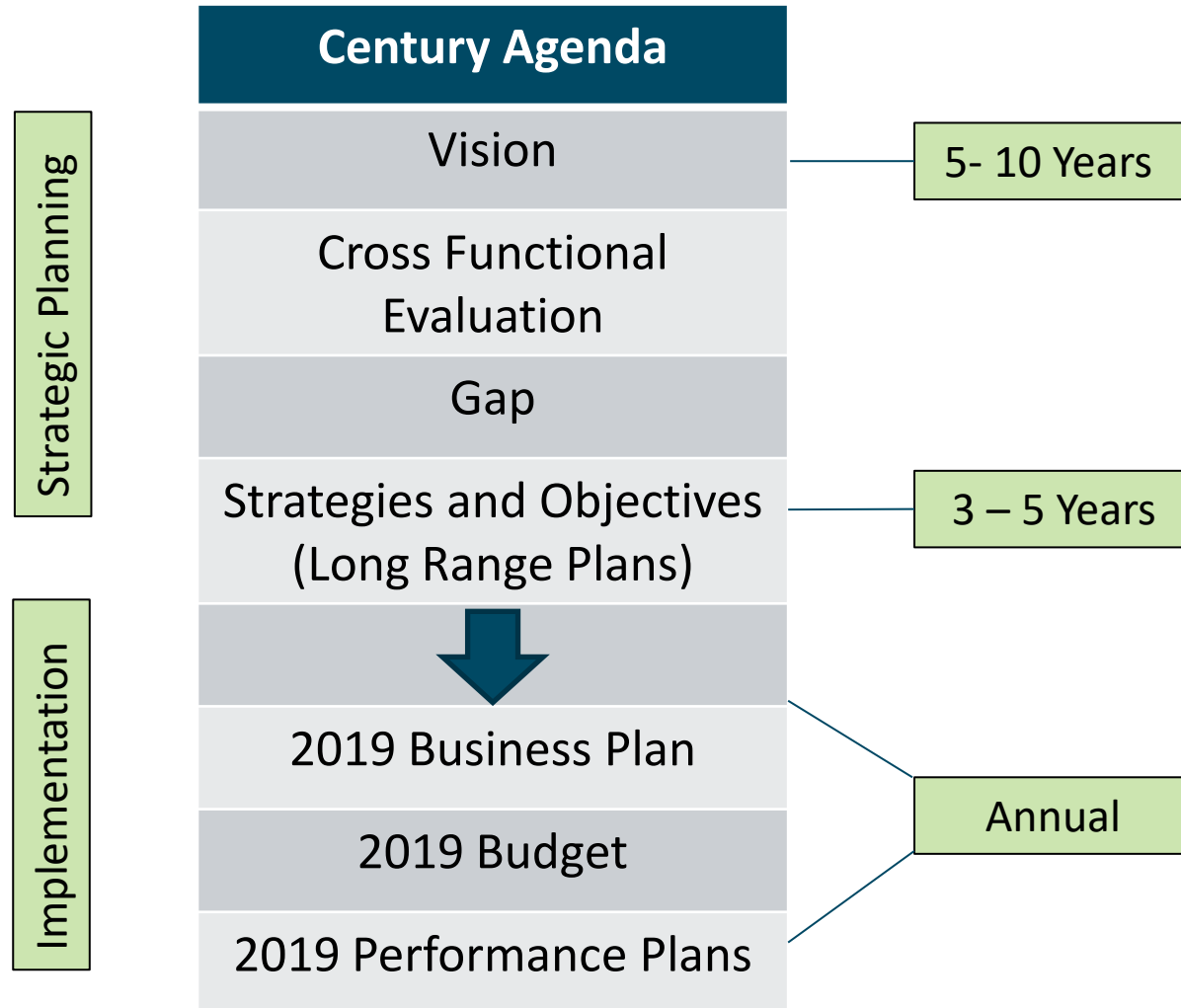
The global 'Ocean Economy' is valued on a conservative basis by the Organization for Economic Cooperation and Development (OECD) at \$1.5 trillion (2010) and growing to \$3.0 trillion by 2030

2019 EDD Budget Timeline



Note: Detailed schedule in appendix

Strategy to Budget Process



- Promote international travel and cruise adventures
- Promote women and minority business enterprise (WMBE) and small business growth
- Advance equitable workforce training within key Port industries
- Develop port properties to support aviation, fishing and maritime industries

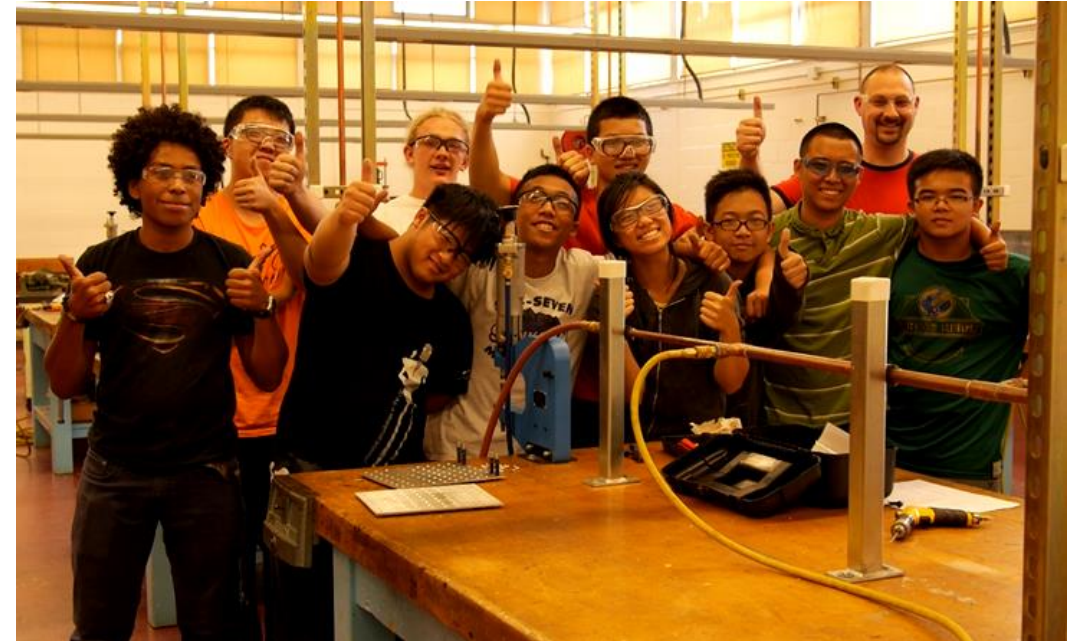
Industry/Business Context: Real Estate

- Industrial sector still very active, rents seeing new peaks
- On other hand, construction starts will slow down (especially in commercial and residential sectors)
- High occupancy rates at Port's commercial and industrial properties (97+%)
- Multi-story warehouses will become the norm in urban industrial areas
- Pressure on SODO and other Industrial areas.



Industry/Business Context: Workforce Development

- Talent attraction/retention a top employer issue
- The Seattle region:
 - increasingly racially and ethnically diverse
 - Higher housing and transportation costs are especially impactful on low wage workers
- Career connected learning initiatives are especially important to tap into and train younger generation
- Robotics, AI, Machine Learning and other advancing technologies changing the nature of work



Aerospace Class

Industry/Business Context: Small Business

- Finding and retaining employees is especially challenging for smaller firms
- High cost and scarce availability of manufacturing and commercial space
- WMBE participation in Port of Seattle opportunities has been disparately low.
- Trending: Digital payments, Block chain, Z Gen, Cybersecurity, video



Champions of Inclusion

Industry/Business Context: Tourism

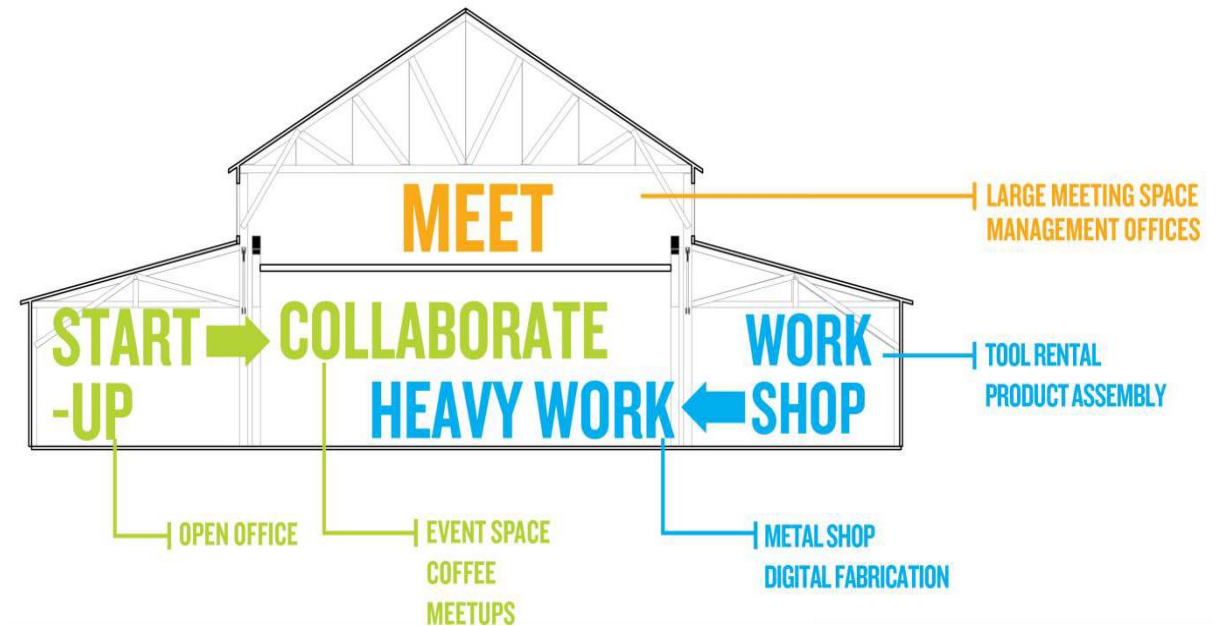
- Travel bans and international friction will dampen United States tourism
 - Washington state will likely do better and grow slightly
- China will continue to drive global travel.
- Cruise industry growth will continue worldwide and in the Alaska Market
- Washington State tourism promotion efforts will increase substantially with advent of new statewide tourism agency



Tourism Spotlight Airport Advertising Partnership

Industry/Business Context: Maritime Innovation*

- **Seattle Maritime Sector = low visibility and innovation performance compared to other local industries**
- Top business and innovation barriers:
 1. Lack of public policy and incentives support
 2. Workforce challenges
 3. Understanding of the business opportunities
- Most impactful new maritime technologies:
 1. Electrification
 2. Ship and vessel design innovation
 3. Marine renewables
 4. Autonomous/underwater vessels
- Industrial space especially for small and emerging maritime companies is particularly difficult to find in Ballard/Interbay



Maritime Innovation Center

Challenges

- Staying nimble and strategic as real estate markets change
- Maintaining high occupancy rates at Port properties (and taking care of our assets)
- Making workforce investments that “*move the needle*” for key Port industries
- Expanding opportunities for Women Minority Business Enterprises
- Maintaining tourism growth despite international reputation

Century Agenda/Long Range Plan Drives Economic Development Division

	Century Agenda/LRP	Economic Development Priorities
1	CA1 Objective 5 (Fishing & Maritime Cluster Growth)	Fishermen’s Terminal & Terminal 91 Development (inc. Maritime Innovation District)
2	CA 2 Objectives 6 and 9	Tourism
3	CA 3, Objectives 10 & 11	Diversity in Contracting/Small Business
4	CA 3, Objective 12	Workforce Training in Key Clusters
5	CA 4, Objective 4	Industrial Land Protection and Development

“The Port of Seattle will use its real estate, capital assets and financial capabilities to accomplish the Century Agenda. These are tools to thoughtfully steward, rather than areas well-suited for specific 25-year goals.”

Highest Priorities for 2019

1. Manage and Develop Port Real Estate Assets
2. Expand contracting opportunities for Women Minority Business Enterprises
3. Advance workforce development initiatives especially those focused on Career Connected Learning
4. Promote tourism opportunities that tie to the use of Airport and Maritime terminals
5. Lead and manage unique economic development initiatives:
 - Partner with King County Cities on ED Grant program
 - Advance Maritime innovation center and district initiatives

Real Estate Management and Development

- ❑ Ground lease Des Moines Creek West property
- ❑ Complete design work on Gateway and Seattle Ship Supply buildings and get projects through the entitlement process
- ❑ Complete design work on Terminal 91 Uplands light industrial buildings and get projects started through entitlement process
- ❑ Initiate Bell Harbor Conference Center Modernization
- ❑ Manage real estate portfolio to generate positive NOI after depreciation and corporate allocations by year-end 2024.
- ❑ Develop a “second 25 years” renewal, replacement, and modernization strategy for the HQ facility.



Pier Two

Workforce Development

- ❑ Manage airport employment office in partnership with PortJobs
- ❑ Advance aviation career pathway training initiative
- ❑ Invest in regional Career Connect Learning learning initiative
- ❑ Implement and Strengthen Regional Construction Trades Partnership



Pedro Reynaga, Harbor Operations Intern

Diversity in Contracting/Small Business Assistance

- ❑ Implementation of Diversity in Contracting Policy
 - Provide greater access to Port opportunities through education, events, and assistance
 - Expand supplier diversity
 - Develop tools and conduct assessments to measure and monitor inclusion in contracting
- ❑ Explore utilizing Port resources to support business incubator facilities



Tourism

- ❑ Promote the cruise industry through outreach to travel influencers (trade and media) both domestically and in priority international markets (UK, Germany, China & Australia).
- ❑ Increase the value of tourism throughout Washington
 - Increase reach of Tourism Marketing Support Program
 - Enhance Airport Spotlight program
 - Use WeChat airport site to serve as portal for destinations in Washington.



Norwegian Bliss Marks Arrival of Larger Cruise Ships

Maritime Innovation

- ❑ Continue dialogue and work with ***Memorandum of Understanding*** partners who can help support and sustain Maritime Innovation Center
- ❑ Develop operating model, business plan and priority services
- ❑ Work with partners to support “virtual maritime innovation center operations”
- ❑ Secure public and private funding to support center construction and operations
- ❑ Make fact finding trips to maritime innovation centers to gain insights into their operations and lessons learned



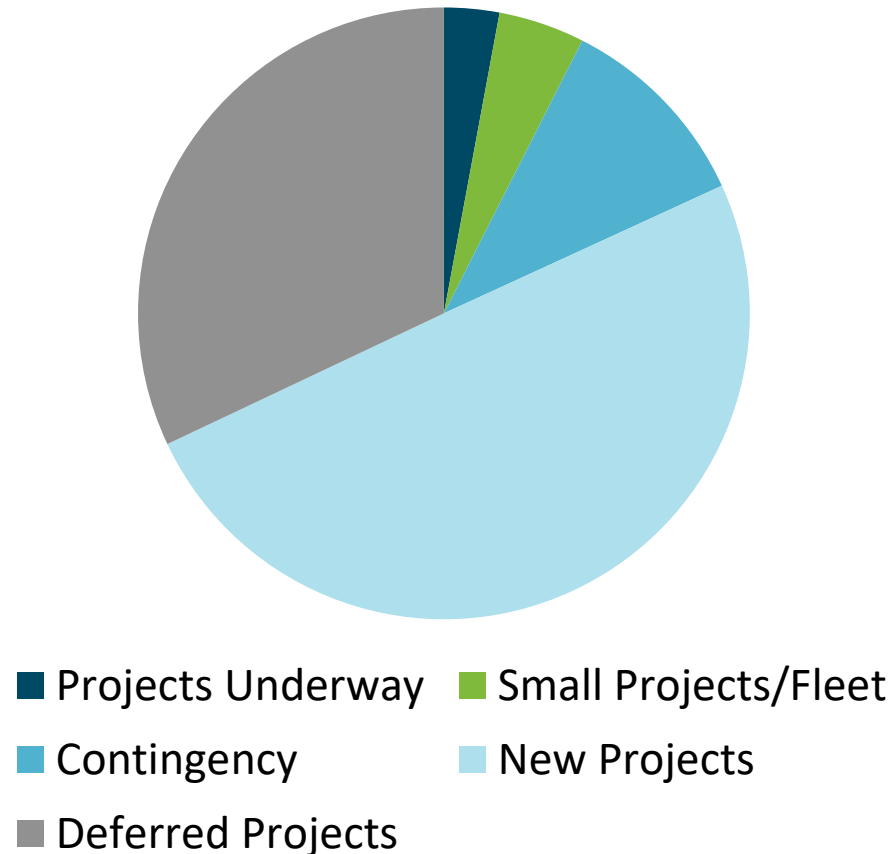
Maritime Innovation District

Budget Preview

- Operating Revenues/Expenses Driven by Central Harbor Properties
- Levy supports Small Business, Workforce, ED and Tourism Grants
- Will likely need additional staffing to support Diversity in Contracting program
- Will prioritize some existing funding to support long term development of maritime innovation center
 - Will develop business plan for this initiative that leverages Port operating and capital investments
 - Partners interested in developing “virtual maritime incubator” until Port develops building(s) over next three years.

Preliminary 2019 to 2023 Capital Program

Spending Breakdown*



New Projects Proposed (> \$5M):

- T91 Uplands Light Industrial Buildings
- Bell Harbor Conference Center Modernization

Potentially Deferred Projects:

- T91 Uplands Light Industrial Buildings
- Bell Harbor Conference Center Modernization
- P66 HVAC Systems Upgrade
- WTC HVAC System Replacement

*Assumes \$200 million funding capacity for Maritime & Economic Development Divisions 2019 to 2023 capital spending

Appendix: 2019 Budget Schedule

- 07/24 – 2019 EDD Business Plan and Budget Development Preview briefing
- 09/11 – Commission Budget Priorities Budget Discussion
- 09/25 – Central Services budget Commission briefing
- 10/09 – Operating division budgets Commission briefing
- 10/23 – Tax Levy & Draft Plan of Finance Commission briefing
- 10/23 – 2019 Preliminary Budget document available to Commission
- 10/25 – 2019 Preliminary Budget document available to the public
- 10/30 – NWSA Budget study session by Managing Members
- 11/13 – NWSA Budget adoption by Managing Members
- 11/13 – First reading of budget resolution and public hearing
- 11/27 – Second reading and final passage of 2019 Budget
- 12/03 – File the 2019 statutory budget with King county
- 12/14 – Publish the 2019 Final Budget to the public