



**COMMISSION
AGENDA MEMORANDUM**

BRIEFING ITEM

Item No.

7b

Date of Meeting

April 28, 2020

DATE: April 14, 2020
TO: Port of Seattle Commissioners
FROM: Stephen P. Metruck, Executive Director

SUBJECT: Draft Port Early Action Recovery Plan

EXECUTIVE SUMMARY

On April 1, 2020, the Port of Seattle Commission passed Motion 2020-06 to provide guidance for Port leadership in prioritizing Port Investments to assist local, regional, and statewide economic recovery from the COVID-19 pandemic.

As the region moves through an unprecedented social and economic crisis related to the COVID-19 virus, the Port of Seattle as a major economic driver for the region is in a unique position to lead economic recovery efforts across King County and Washington State. The Port's unique statutory powers combined with its real estate, capital assets and financial capabilities can also be used to help small businesses recover, create and retain jobs, and boost economic activity. The Port can boldly help lead the state through an unprecedented period of economic challenges resulting from the public health emergency.

This memo provides a recommended framework for Port of Seattle recovery efforts. The initiatives highlighted in this outline will be guided by the Commission's guiding principles of equity, sustainability and community engagement.

The economic emergency facing the Port and the region demands both a rapid response and a longer-term strategy. The Commission has already taken actions to provide immediate relief to impacted Port related businesses. In the coming weeks, staff will evaluate the Port's financial position and capacity and then work with the Commission to further develop an action plan for economic recovery. The action plans will include funding levels, goals and objectives, metrics, and timeline for implementation. We will continue to engage with stakeholders and the community on ideas and opportunities for economic recovery. By July, we propose to initiate action programs and partnerships with external organizations to support our objectives. Throughout the remainder of 2020 we will provide regular updates to the Commission and the public.

April 28, 2020

Background

The Port's mission is to promote economic opportunity and quality of life in the region by advancing trade, travel, commerce and job creation in an equitable, accountable and environmentally responsible manner. The Port has broad statutory authority to operate airport and seaport facilities along with related transportation and cargo infrastructure. The Port's operations require substantial capital investments that result in major construction projects. Among other additional powers, the Port has authority to carry out economic development activities and workforce development programs, and to promote tourism and operate tourism related facilities

Through its operations the Port drives the economy of the region and the state. All of Washington's key industries depend upon Port services to reach markets and customers. Without access to markets, local businesses could not prosper nor grow jobs. Port operations also directly provide family-wage, durable jobs for more than 100,000 workers across trade, travel, and tourism industries, making Port-related jobs one of the most important jobs engines in King County. More specifically:

- Seattle-Tacoma International Airport is one of the largest job sites in King County, with more than 300 businesses employing 19,000 workers on location supporting \$22.5 billion in economic activity. Across the region, airport activity directly supports 87,000 jobs.
- Maritime cargo shipping, in partnership with the Northwest Seaport Alliance (NWSA) , supports 20,100 jobs and \$5.9 billion in business revenue.
- Commercial fishing, recreational boating and Port real estate operations support nearly 10,000 jobs and \$1.4 billion in economic activity.
- Port cruise operations provide a platform for 5,500 local jobs and generates \$900 million in revenue for local businesses.
- Through its five-year, \$3.4 billion capital development program the Port supports the employment of thousands of local construction and related jobs.

❖ Commission Guiding Principles

In carrying out its planning and actions, the Port will align with the Commission's guiding principles of:

- Equity
- Sustainability
- Community engagement.

❖ Equity Considerations

The underrepresented communities in the King County area have suffered historically from systemic disparities and are especially hard hit during this pandemic. In response to the extraordinary circumstances posed by the COVID-19 public health crisis, the *Recovery Plan* will prioritize economic relief and recovery efforts to these vulnerable communities that are disproportionately impacted by the health pandemic. The following set of core principles are

April 28, 2020

intended to complement the Commission’s directives on COVID-19 response, and to further elaborate on how equity can be integrated into the Port’s response: ¹

- Integrate Values of Equity and Inclusion
- Prioritize the Most Vulnerable
- Mitigate Economic Loss
- Ensure Language and Cultural Competence
- Support Community-based Organizations

¹ A more detailed framework and exploration of each objective is provided in attachment 2.

Economic Recovery Framework:

❖ Capital Project Investments

The Port plans to make \$3.4 billion of capital facility investments over the next five years. The over \$1 billion of scheduled construction work in 2020 and 2021 will provide a significant stimulus to the regional economy.

These construction projects support quality jobs, Women and Minority Owned Business Enterprise (WMBE) businesses and a web of suppliers and businesses. On average per month, Port construction work generates directly 1,300 construction jobs and over 2,000 more jobs induced or indirectly. This work involves over 25 different trades.

Keeping these projects moving forward during the COVID-19 crisis and moving forward on other projects as public health restrictions lessen can generate significant economic activity and provide the following benefits:

- **Additional WMBE Contracting Opportunities**
In addition to Port-wide 2020 WMBE utilization goals, the Port’s capital program will identify projects less than \$40,000 that can provide special procurement opportunities for small and disadvantaged businesses. Staff will also use Job Order Contracting opportunities that benefit small and disadvantaged businesses.
- **Emphasis: Environmental Sustainability Goals**
The Port will prioritize capital projects that utilize the Port’s Sustainable Evaluation Framework and support attainment of Century Agenda goals for greenhouse gas and air emission reductions, and habitat stewardship.
- **Emphasis: Quality Jobs and Workforce Development**
Port capital projects drive requirements for contractors to pay prevailing wages and promote apprenticeship utilization. On capital projects administered via Project Labor Agreements, the Port can also advance its Priority Hire policy. This policy modeled after the city and county, can

April 28, 2020

help increase apprenticeship opportunities for people of color, women and other low-income communities.

❖ **Recovery Capital Opportunity Fund (New Initiative)**

Funds in this initiative would be invested in new “shovel-ready” building and infrastructure projects that are not currently in the five-year CIP. These projects can be expected to compete well for future opportunities anticipated in future Federal stimulus packages.

This Recovery Capital Opportunity Fund allows us to utilize the Port’s statutory authority under Washington State law as land owner and property developer. This fund allows us to leverage public and private investment on Port-owned property to support construction projects that serve our maritime and aviation enterprises at every scale from small to large.

The Port’s Recovery Capital Opportunity Fund be informed by the 2020 Port of Seattle Real Estate Development Strategic Plan. The strategic plan, initiated in early 2020, will be a critical component of overall Port recovery efforts. The plan will help establish investment priorities and opportunities to advance economic recovery. It will also outline innovative financial tools and partnerships that may have the potential to enhance the leverage ratio of Port capital and the economic impact of these projects..

❖ **Tourism**

Tourism is the State’s fourth largest industry with travel related employment of over 180,000 and State and local tax receipts of over \$2 billion. Seattle - Tacoma International airport and our maritime gateways have traditional been the entry points for visitors to Seattle and Washington State, especially during the peak summer travel season. Tourism throughout the region and the state has been decimated but, when restrictions on non-essential travel are lifted, **the Port can help the tourism industry rebound.** Working with Visit Seattle, the Seattle Southside Regional Tourism Authority, the Washington Tourism Alliance (WTA) and destination marketing organizations across the state, the Port can assist in funding and implementing a unified campaign to encourage interstate tourism and welcome visitors back to our State.

Port staff also has been making changes to selected 2020 tourism grant agreements to ensure these partners’ initiatives are closely aligned with a post COVID-19 statewide tourism marketing campaign. The Airport Spotlight advertising program can also be realigned in a similar fashion so it can amplify a post COVID-19 campaign promoting travel and tourism in Washington State.

❖ **Cruise Industry**

The cruise industry globally and in Seattle has been hard-hit by the COVID-19 pandemic. The 2020 summer season for Alaska homeport cruises has yet to start due to state and federal health mandates, and it appears likely vessels will not begin sailing to Alaska again before July 1. The conditions under which cruise operations will resume are still under discussion at the national and international levels.

April 28, 2020

When the conditions allow it, cruise operations could play a critical part of the region's economic recovery. When fully operational, the Alaska homeport cruise industry generates about \$894 million each year for our economy, along with 5,500 jobs here in the community. Last year, the cruise industry at the Port of Seattle was an important component of both the regional and statewide tourism economy with each vessel call in 2019 supporting \$4.2 million in economic activity. The more than 600 thousand passengers each season is a leading element of the region's tourism industry.

Although the pandemic has halted cruise operations around the world, the industry has proved itself resilient and adaptable to changing market conditions. Bookings for the 2021 season are reported strong.

Protecting the health and safety of the community, the traveling public and crews will be a top priority and require close collaboration by the Port staff with cruise line customers, cruise terminal operators, the United States Coast Guard, U.S. Customs and Border Protection and the Washington Department of Health. The Port will execute its responsibilities to work with all stakeholders to ensure that rigorous safety and health measures are in place and that confidence is rebuilt with travelers and the public.

❖ **Workforce Development**

As airport workers face challenging layoffs and regional unemployment rates skyrocket, the Port can help address workforce challenges by implementing training and placement initiatives that help current and future employees.

Airport Employees and Employers:

The Port will work with partners to support airport employees and employers impacted by the COVID-19 pandemic. We will work with PortJobs, the Career Advancement Center and other partners to identify and support airport workers who may be on standby or temporary layoff. We also recommend expanding Airport Career Pathways training initiatives. A promising partnership with South Seattle College and PortJobs is helping the Port support Aviation Maintenance Mechanic training for disadvantaged workers. This program can be expanded to support other Aviation pathways and provide disadvantaged workers access to training that can help them develop new skills and lead to better job opportunities. Staff will work with the Seattle King County Workforce Development Council and other partners to develop these new training initiatives. These allies can help provide important wrap around services and online learning supports that are critical to the overall success of the program.

Youth Employment Program:

Although reduced in scope and scale, the Port will continue offering high school and college students an array of internships and career connected learning opportunities. Providing employment and learning opportunities for youth is an especially important part of Port recovery efforts. With the uncertainty of the duration of COVID 19 public health policy measures, the Port will work to develop on-line, virtual career exploration and summer internship programs. The program will work with community partners to select students from

April 28, 2020

disadvantaged communities especially those whose families have been economically impacted as a result of the pandemic.

Duwamish River Green Jobs Program:

The Port's External Relations, Maritime Environmental, and Workforce Development groups will partner with Duwamish Valley stakeholders to organize hands-on, career-connected trainings that focus on habitat restoration on Port-owned properties along the Duwamish River. The program will emphasize recruitment opportunities for youth and adults experiencing challenges integrating into the mainstream environmental sector (such as people with low incomes, disabilities or with experience in the criminal justice system). This program establishes an inclusive green economy focused on Port environmental priorities related to riparian and urban forestry stewardship, salmon recovery efforts, and climate change.

❖ **Small and Disadvantaged Business Assistance**

Helping our Port tenants and small businesses that rely on Port operations recover from these difficult economic times is paramount. The economic repercussions from the COVID-19 emergency will be significant and the Port can be a key player to help small businesses survive. Our existing partnerships with Highline College's Small Business Development Center, Tabor 100 business hub and the Minority Business Development Agency (MBDA) are critical towards helping our small business partners access CARES Act loans and other resources.

Small Business Development Centers (SBDCs) are poised to get stimulus funding to help manage the flood of loan and technical assistance requests they have received. The SBDCs are doing their best to accommodate the flood of calls from small businesses seeking help, but they need aid from additional partners that can support the influx of small companies requesting assistance. The Port will reach out to Chambers of Commerce, Startup 425, and other partners to help ensure there is a broad circle of technical assistance available for small businesses at our Port facilities, in disadvantaged communities and across the region. Small business needs are glaring and significant, especially within our ethnic communities – we can provide immediate help by convening and supporting organizations that can help these enterprises survive the pandemic's economic shocks.

❖ **Leveraging Partnerships and Port Grant Funding**

The Port's unique partnerships with King County Cities, Greater Seattle Partners, the Puget Sound Regional Council, the Soundside Alliance, and Chambers of Commerce can also drive economic recovery across the entire region.

King County Cities' Grant Program:

The Port's King County Cities' grant program is helping focus resources across the region around economic recovery. Port staff asked city partners to revisit their initiatives this year and prioritize projects that drive economic recovery and relief. Toward this end, eleven cities are using funds to support small businesses. Eleven cities are implementing tourism grants and/or placing marketing campaigns that can help welcome travelers and residents back to local attractions. Another fifteen cities are complimenting small business and tourism efforts with

April 28, 2020

placemaking initiatives. Organizing community markets, accenting city commercial districts, and improving wayfinding signage can help attract visitors and help support local merchants.

The table below reflects city economic grant program investments. As you can see, cities across King County are providing over \$680,000 of funding leverage to support economic recovery and relief. Staff is still working to reorient a few cities grant projects, but most cities have embraced pivoting to support economic recovery and relief.

Project Categories	2020 Port Award	Total Investment (Port Award + Match)	Number of Cities
Small Business Assistance	\$251,204	\$407,805	12
Tourism	\$154,993	\$311,555	11
Placemaking: Buy Local Campaign, Downtown/ Commercial Revitalization, etc.	\$182,693	\$306,718	15
Business Attraction and Trade Development	\$145,930	\$186,592	7
Feasibility - Real Estate Development	\$48,780	\$214,180	5
Workforce	\$66,500	\$105,750	2
Total	\$850,100	\$1,532,600	29

Greater Seattle Partners (GSP):

Greater Seattle Partners (GSP) has also shifted gears to focus on regional economic recovery. It is holding weekly calls with economic development staff across the Puget Sound region on economic resiliency and resources available to promote recovery and reinvestment. GSP is now leading regional efforts to advance economic mitigation and recovery preparation. This new focus for GSP includes:

- Maximizing aid and support for the region
- Leading regional coordination and collaboration efforts; and
- Serving as an advocate and voice for the region

The Port's 2020 funding support for GSP is helping the organization support this new recovery initiative. Staff will evaluate GSP funding level based on the organization's ability to capture aid and funding to support economic recovery.

South King County Fund

The South King County Fund (SKCCF) can also be a resource to support a combination of economic development, workforce development, and environmental initiatives in Burien, Des Moines, Federal Way, Normandy Park, SeaTac, Tukwila.

April 28, 2020

The Airport Community Ecology Program (ACE):

The Airport Community Ecology Program (ACE) is an instrumental part of the Port’s recovery initiatives. ACE currently invests in community-led environmental programs serving Burien, Des Moines and SeaTac. In order to continue to support South King County non-profits and community groups, the program will be expanded to include Federal Way, Normandy Park and Tukwila. The Port will utilize \$250,000 from the South King County Fund to support this expansion. This ACE II special application cycle will be available this summer for projects needing funding in the Fall. .

❖ Stakeholder and Community Engagement

The Port will continue to support our tenants, customers, employees, small businesses and our communities through inclusive, equitable and robust engagement practices to ensure that the Port’s recovery programs connect to our most vulnerable populations.

Working with existing partners such as PortJobs, Fair Work Center, Duwamish Valley PCAT , and Highline College Small Business Development Center, outreach efforts will directly engage constituencies providing access to resources in multiple languages, using a variety of accessible engagement practices. Through targeted surveys, webinars, town hall meetings, virtual one-on-one discussions, speaking engagements with member organizations and consistent, ongoing communications, the Port and its partners will help identify and connect needs and opportunities as well as expand our reach to impacted communities.

In addition to robust community engagement, the Port will also coordinate recovery efforts with federal, state and regional partners. Working with these allies can help the Port leverage its own efforts, take advantage of new relief/recovery resources and maximize funding impact.

❖ Key Implementation Timelines

May 2020	<ul style="list-style-type: none"> • Financial Capacity Analysis • Action Plan Development • Commission Committees • Engagement planning
June 2020	<ul style="list-style-type: none"> • Community Engagement • Commission Committees • Plan Finalization • Early Actions
July 2020	<ul style="list-style-type: none"> • Plan Implementation • Issue RFPs for key recovery services • Communications and Engagement
December 2020	<ul style="list-style-type: none"> • Commission update on recovery implementation efforts
Quarterly through 2021	<ul style="list-style-type: none"> • Recovery implementation updates

April 28, 2020

ATTACHMENTS TO THIS BRIEFING

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

April 14, 2020 – The Commission has a Study Session on the Capital Improvement Plan and briefing on the Federal CARES Act.

April 01, 2020 – The Commission passed Motion 2020-06