



**COMMISSION
AGENDA MEMORANDUM**

Item No. 9a

BRIEFING ITEM

Date of Meeting July 14, 2020

DATE: July 9, 2020

TO: Stephen P. Metruck, Executive Director

FROM: David McFadden, Managing Director, Economic Development Division

SUBJECT: Washington Maritime Blue Progress Report and Partnership Plans for 2021

EXECUTIVE SUMMARY

Last year the Port of Seattle executed a memorandum of understanding (MOU) with Washington Maritime Blue (MB), the new nonprofit organization charged with implementing Washington State’s Strategy for the Blue Economy. The Memorandum of Understanding lays out general areas of cooperation and directs the partners to develop annual joint programs of work over the next five years.

The MOU and Port service agreements with MB has formalized an effective partnership to advance the Blue Economy. Over the past year we have jointly launched a successful pilot maritime innovation accelerator, advanced the Youth Maritime Collaborative workforce development initiative and initiated efforts to decarbonize the maritime industry.

The partnership to build a Blue Economy is working and per the MOU we have developed goals for the next year:

- advance second round of maritime innovation accelerator program
- expand Maritime Youth Collaborative career connective learning initiative
- collaborate on greenhouse gas reduction initiatives that positively impact Port operations
- Diversify funding sources and develop strategic plan for MB Board development

To support this work staff will be seeking Commission authorization to execute a \$300,000 two-year contract with Maritime Blue. Staff will bring this request forward on July 28th so that work on these important initiatives can continue. These resources will be augmented by \$100,000 that supports the second year of Workforce Development’s contract to administer the Youth Maritime Collaborative.

INITIAL PARTNERSHIP WITH WASHINGTON MARITIME BLUE

To support implementation of Washington State’s Strategy for a Blue Economy the Port of Seattle executed a memorandum of understanding in July 2019 with Washington Maritime Blue. The

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MOU provides a framework on how the Port and Washington Maritime Blue will work collaboratively to implement elements of the broader Blue Economy plan:

To further implementation of Maritime Blue initiatives, the Port and the Maritime Blue cluster organization will jointly develop annual workplans, as needed, that outline and formalize each organization's roles and responsibilities towards implementing Maritime Blue projects and initiatives. This work plan should identify joint goals, metrics, outcomes and funding needed to successfully support maritime accelerator initiatives, workforce training programs and a host of other Maritime Blue initiatives.

The Port of Seattle Commission followed up on the MOU by subsequently authorizing a contract with Washington Maritime Blue to implement several priority initiatives in 2020:

1. Developing and piloting a maritime accelerator program that will nurture promising maritime companies and entrepreneurs
2. Developing financing networks and programs for small and emerging maritime companies
3. Advancing development of the Port's maritime innovation center
 - Provide administrative support for the maritime innovation center advisory committee
4. Supporting forums, projects and strategies to reduce maritime greenhouse gas emissions

Maritime Blue was also chosen via a competitive procurement process to support the Youth Maritime Collaborative (YMC) career connected learning initiative. Originally hosted by the Seattle Maritime Academy, the YMC is now an integrated program of MB. The Collaborative is comprised of regional maritime organizations, youth programs, industry leaders, education programs and local government agencies. As a team, the Collaborative works to create career pathways for youth pursuing careers in the maritime industry and aspire to make maritime an appealing career option for low-income youth and youth of color. The scope of work for the contract with the Port of Seattle includes:

1. Operational and budget planning
2. Employer and youth engagement, including
 - Delivery of experiential activities for engaging youth and building awareness of maritime careers
 - Development and oversight of internship programs with maritime employers
 - Development and delivery of Equity Training for employers and youth organizations
 - Completion of maritime pathways and pipeline mapping
 - Organizing and attending maritime industry events for increased awareness and partnerships
3. YMC administration, facilitation and planning

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MARITIME BLUE PROGRESS AND RESULTS**Maritime Blue Innovation Accelerator**

MB contracted with WeWorks Innovation Labs to develop and operate a new maritime business accelerator program. The Port of Seattle, WeWorks and Maritime Blue launched the accelerator last October. Over 200 applied to the program and a select team of maritime experts chose eleven companies to participate in the accelerator (see attached report).

The 16-week initiative started in January. Through a mix of workshops, webinars, panels, and talks, the accelerator cohort was guided through learning sessions covering everything from market research to exit strategy. The curriculum was carefully curated so it was relevant to all business stages and sectors of the Blue Economy. Courses were led by industry experts and the cohort also had the opportunity to engage personally with dedicated mentors throughout the program.

In March MB and WeWorks pivoted the accelerator program due to the COVID pandemic. The program moved online, and a big demo day planned for the cohort at Bell Harbor Conference Center went to a virtual platform instead. Despite these COVID related challenges the accelerator nonetheless finished on a high note.

Over 350 people joined the final online showcase in April to learn more about the maritime accelerator and hear polished pitches from our participating maritime entrepreneurs. The cohort continued to gather online in April to tweak strategies and plans based on feedback they received after the summit or during their four-month journey.

Initial results from the maritime innovation accelerator are favorable. Participating companies gave the program high marks. The accelerator also generated broad based interest and support from the maritime industry. MB and Port staff will continue to track the cohort over the next few years to track company progress and results (jobs created, revenue growth, etc.). Some highlighted “wins” to date include:

- Discovery Health MD – has become a national leader and sought-after expert in COVID-19 response for maritime and fisheries. Increased revenue by over 500%
- EQUILL – Major local customer acquisition plus negotiating a major international customer.
- Neptune – Negotiating a round of equity funding
- Pure Watercraft – Negotiating a \$20M Series A round of funding
- Net Your problem – “I entered this Accelerator program as a marine biologist trying to do something good for the environment and muddling along as a businesswoman trying to make that happen. As a result of this Accelerator program, I now have goals, a growth strategy, know what my value proposition is and how to digitally market that to highlight my competitive advantage”.
- Eco Spears – Negotiating contract with WA State Dept. of Ecology and in discussion w/ Port of Seattle

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Developing Finance Networks for Emerging and Small Maritime Companies (see attachment)

To address access to capital issues impacting the maritime industry, MB researched potential funding structures that could provide investment capital to support growth in the Blue Economy throughout Washington state. The study MB completed presents frameworks and strategies to fill funding gaps from a variety of investment sources, including public and private capital. Additional key findings included:

- Highest-growth sectors in the Blue Economy are those focused on technological solutions and those related to water transportation and shipping.
- Compared to other industries, few equity providers are focused on maritime –they are either not knowledgeable or interested because of government regulations and concern about scaling and exit potential.
- People of color and women each represent less than 10% of small and medium-sized business ownership in Washington’s maritime economy, a severe under-representation that may be driven by lack of access to capital.

The study also identified action items to support Blue Economy growth:

- Pilot a Maritime Blue Accelerator to assist small and medium-sized businesses and startups with mentorship and other support services including access to funders.
- Share a Capital Suppliers Asset Map of debt, equity and grant sources for startups, early -stage, growing and mature small and medium-sized businesses.
- Better understand the causes of under-representation of women and people of color in Washington’s Blue Economy and create mitigation strategies.

As a result of this capital landscape study, MB worked with University of Washington students to create a Funder Portal for the Blue Economy, an online directory of debt, equity and grant resources for the maritime industry.

Support development of Maritime Innovation Center

MB supports the Port’s Maritime Innovation Center advisory committee. This group meets quarterly to review progress on the Port’s innovation center capital project. MB sends out

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meeting notices, takes minutes and helps Port staff develop meeting agendas, including stakeholder input to ongoing design and operations of the future Center.

Maritime Industry Greenhouse Gas Reduction

MB works with members, partners, and stakeholders to facilitate and implement key Demonstration Projects as envisioned and prescribed in the State’s Strategy for the Blue Economy including deep decarbonization of the maritime sector. To that end, MB is part of a consortium that has been awarded a competitive bid to develop the Ports Waterfront Electrification Strategy. MB’s role will be coordination and facilitation of key industry and government stakeholders as the Port’s Strategy is developed

MB also holds public/stakeholder informational events called Blue Forums. In November 2019, with support from the Port of Seattle, and in partnership US Dept. of Energy and Pacific Northwest National Laboratory, MB held an event entitled, “R&D Pathways for Maritime Energy Solutions” that brought together state and federal research institutions with maritime industry leaders to align research, operational and commercial needs for decarbonization.

Implementing Youth Maritime Collaborative’s Career Connected Learning Initiatives

To date, MB has taken tangible steps to re-invigorate the Youth Maritime Collaborative and implement programs with the primary goal of increasing access to maritime pathways for youth of color and girls:

- Delivered YMC 2020 operational plan and budget and milestones
- Secured further funding for YMC activities
- Delivered a resource database for key maritime youth workforce development
- Secured 10 private sector employers for summer Launch 206 summer internship program for 18 Seattle Public School CTE students
- Designed and implemented Equity Training for 10 maritime employers
- Continue YMC meeting planning and facilitation

Washington Maritime Blue has produced significant accomplishments in its first year. Port staff is working with MB to build off this momentum and focus on the following priorities for 2021:

- Organize and support second round of maritime innovation accelerator program;
- Expand Youth Maritime Collaborative career connective learning initiative;
- Collaborate on decarbonization initiatives that positively impact Port operations; and
- Diversify funding sources and develop strategic plan for MB Board development

This continued partnership between the Port and Washington Maritime Blue helps to insure commitment to the values of the State’s Strategy for the Blue Economy; A growing maritime and ocean economy, healthy ocean and marine ecosystems, and equitable and resilient communities. This MOU, coupled with committed with funding, allows MB staff and contractors to utilize its

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growing network of private industry, public sector, research & academic institutions, and community & workforce organizations deliver our strategic goals to create herein Washington a:

- Thriving Low-Carbon Maritime Industry through Deep Decarbonization
- Global Innovation Hub through Joint Innovation and Entrepreneurship
- Green Gateway through Working Waterfronts that create safe jobs support climate & environmental action.
- Diverse and Equitable 21st Century Maritime Workforce
- World Class Cluster through a Strategic Alliance for Maritime Innovation and Sustainability

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides
- (2) Capital Landscape study

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

July 23, 2019 – The Commission authorized one-year contract with Maritime Blue to implement priorities established in Memorandum of Understanding

July 9, 2019 – The Commission authorized executive of Memorandum of Understanding with Washington Maritime Blue to clarify partnership opportunities and responsibilities

May 14, 2019 – The Commission authorized design funding for the Maritime Innovation Center (Historic Ship Supply Building)

January 8, 2019 – Commission received a briefing regarding Maritime Blue Plan and the Maritime Innovation Center.