



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6k

ACTION ITEM

Date of Meeting August 11, 2020

DATE: August 1, 2020

TO: Stephen P. Metruck, Executive Director

FROM: Dave McFadden, Managing Director, Economic Development Division

SUBJECT: Economic Recovery Contract with Maritime Blue

Total contract request: \$300,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a joint partnership agreement with Maritime Blue, a non-profit agency, to advance economic recovery by offering a maritime accelerator initiative, hosting maritime blue forums and developing a prioritized strategic plan and budget for 2021-2022. The contract would be for two years at the rate of \$150,000 annually. Staff is also requesting that the commission determine a competitive process is not appropriate or cost effective and exempt this contract from a competitive process consistent with RCW 53.19.020(5).

EXECUTIVE SUMMARY

Over the past year the Port of Seattle has partnered with Maritime Blue (MB) to advance maritime innovation initiatives. MB piloted a successful business accelerator program, identified access to capital issues facing the maritime industry and worked with the Port on greenhouse gas reduction strategies. MB also managed the Youth Maritime Collaborative through additional agreements with the Port of Seattle and the City of Seattle.

Based on the success of these projects, the Port wants to promote economic recovery by working with MB in several key areas over the next year:

- implement second maritime business accelerator program;
- a prioritized strategic plan and budget for 2021-2022; and
- support Blue forums and events that advance the State’s Blue Economy strategy.

Investing in this partnership supports the Port’s Century Agenda objectives to be the greenest and most energy efficient Port in North America and to responsibly invest in the economic growth of the region and all its communities.

COMMISSION AGENDA – Action Item No. 6k

Meeting Date: August 11, 2020

BACKGROUND

Last year the Port signed an MOU with Maritime Blue to formalize a partnership around implementation of Washington State’s Blue Economy strategy. To support this partnership the Port contracted with MB to develop a pilot maritime innovation accelerator program, address access to capital issues impacting the maritime industry, and to collaboratively work to reduce maritime greenhouse gas emissions. The Port provided \$200,000 to support these projects.

Maritime Blue developed a maritime accelerator program that supported 11 emerging maritime companies through a partnership with We Works innovation labs. The accelerator program was a big success. Participating companies made tangible progress with their ventures and the accelerator generated interest from research institutions, established maritime companies, government agencies, media outlets and financial investors.

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.

To advance maritime industry greenhouse gas reduction, MB supported the Port’s Waterfront Electrification Strategy. MB also convened a “Blue Forum” in partnership with US Dept. of Energy and Pacific Northwest National Laboratory, entitled, “R&D Pathways for Maritime Energy Solutions”. The event brought together state and federal research institutions with maritime industry leaders to align research, operational and commercial needs for decarbonization.

Over the past year MB also supported the Port’s Maritime Innovation Center advisory committee. This group met quarterly to review progress on the Port’s innovation center capital project. MB sent out meeting notices, took minutes and helped Port staff develop meeting agendas, including stakeholder input to guide design and operations of the future Center.

Based on the success of these initiatives and the Port’s desire to advance economic recovery, staff is recommending to contract with Maritime Blue for two years. This contract would be for one year with a one-year renewal option (dependent on funding available and positive results).

This second-year agreement with Maritime Blue would:

- advance another maritime business accelerator program (2nd round);
- a prioritized strategic plan and budget for 2021-2022; and
- support Blue forums and events that advance the State’s Blue Economy strategy.

These initiatives along with MB’s continued work on the Youth Maritime Collaborative constitute the 2020-2021 focus for the Port of Seattle’s partnership with Maritime Blue based on the Memorandum of Understanding executed between the two organizations.

COMMISSION AGENDA – Action Item No. 6k

Meeting Date: August 11, 2020

JUSTIFICATION

State Representative Gael Tarleton provided a compelling vision for Washington’s maritime industry last year when the state strategy was finished:

“Washington’s maritime, fishing, and recreational boating industries are the backbone of the most trade-centric economy in the country. Tens of thousands of family-wage jobs in the maritime trades have transformed communities throughout our region and state. Now, we must find paths to give future generations of Washingtonians access to these jobs and opportunities. New technologies require new skills. Innovative strategies that integrate educational programs and skill-based workforce development will ensure that we retain and expand our region’s unique maritime expertise. By working together, we can have smart, green ports that attract business from all over the world...and thousands of jobs in a clean-trade maritime economy that works for all of us.”

Recently staff conducted market research and confirmed Maritime Blue to be the only Maritime cluster organization with the capability and focused support network to implement this partnership with the Port. At this time, no other maritime nonprofit organization or public agency has the staff expertise, breadth of advisory members or focus that will allow us to work in partnership to pilot a virtual maritime business accelerator program and advance key elements of Washington State’s Strategy for a Blue Economy. Maritime Blue provides unique skills and knowledge required by this agreement, such as knowledge of maritime investment and finance markets, which complements and augments that which the Port possesses.

Both organizations have initiated projects that have engaged maritime businesses, education and research institutions, and government agencies who have contributed substantially to advance the Blue Economy strategy. In 2018-2019, \$1.27 million in funding was secured to support development of the strategy, support community engagement, and help advance the cluster organization. In 2019, Maritime Blue has raised \$100,000 in memberships and sponsorships. The organization is also waiting to see if they will receive another Economic Development Administration grant to continue advancing Maritime Blue initiatives. This level of involvement from colleagues across the state demonstrates considerable support for both the Port of Seattle’s and Maritime Blue’s innovation and sustainability initiatives.

Investing in this partnership supports the Port’s Century Agenda objectives to be the greenest and most energy efficient Port in North America and to responsibly invest in the economic growth of the region and all its communities.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) Do not authorize agreement with Maritime Blue

Pros:

- Reduces specific budget request by up to \$150,000 a year, which could be used for other initiatives.

COMMISSION AGENDA – Action Item No. 6k

Meeting Date: August 11, 2020

- Provides Port budget relief during challenging times.

Cons:

- Momentum around WA Strategy for Maritime Blue implementation reduced.
- First year accelerator’s impacts and momentum likely lost or diminished.
- Opportunity to build maritime capital networks diminished.

Alternative 2) – Authorize a \$300,000 two-year agreement with Maritime Blue to implement initiatives that advance Port priorities and Washington State’s strategy for a Blue Economy at a cost not-to-exceed \$300,000.

Pros:

- Investment in Maritime Blue advances economic recovery within the maritime industry.
- Advancing a maritime accelerator ramps up maritime entrepreneurial initiatives that are instrumental to the success of the maritime innovation center.
- Port financial investments in Maritime Blue will be leveraged by other public and private members and sponsors.

Cons:

- More time evaluating accelerator options could be helpful.
- Maritime venture financing programs are still nascent and need improvement.
- There are other maritime accelerator programs available (outside Seattle).

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

Capital

Expense

Total

COST ESTIMATE			
Original estimate	\$0	\$300,000	\$300,000
AUTHORIZATION			
Previous authorizations	0	0	0
Current request for authorization	0	0	0
Total authorizations, including this request	0	0	0
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

Annual budget request is for \$150,000. The source of funds is the King County tax levy.

ATTACHMENTS TO THIS BRIEFING

- (1) Presentation slides

COMMISSION AGENDA – Action Item No. 6k

Meeting Date: August 11, 2020

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

July 14, 2020 – Commission received a briefing on Maritime Blue’s first year results

July 23, 2019 – The Commission authorized the Executive Director to sign Memorandum of Understanding with non-profit Maritime Blue maritime cluster organization

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.