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COMMISSION

AGENDA MEMORANDUM Item No. 10a

ACTION ITEM Date of Meeting August 9, 2022

DATE: July 20, 2022

TO: Stephen P. Metruck, Executive Director

FROM: David McFadden, Managing Director, Economic Development Division

SUBJECT: Maritime Blue Contract Renewal

Amount of this request: \$300,000

Total estimated project cost: \$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, starting a maritime business incubator program at Fishermen's Terminal, and supporting conferences/events surrounding Ocean innovation. 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 three years the Port of Seattle has partnered with Maritime Blue (MB) to advance maritime innovation initiatives. Funds used under the previous contract helped MB establish a successful maritime innovation accelerator program, take steps to address access to capital issues facing the maritime industry and further establish its nonprofit organization and Board of Directors. MB also managed the Youth Maritime Collaborative and the Quiet Sound initiative through separate agreements with the Port of Seattle.

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

- Annual maritime innovation accelerator program
- New maritime business incubator initiative at Fishermen's Terminal; and
- Support events and forums that advance Ocean/maritime innovation.

Template revised January 10, 2019.

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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.

BACKGROUND

Three years ago, 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 \$300,000 to support these projects. Maritime Blue has worked closely with the Port to establish a new a maritime accelerator program. The MB Innovation Accelerator has supported 35 emerging maritime companies and been a big success. Participating companies have made tangible progress with their ventures and the accelerator has generated interest from financial investors, research institutions, established maritime companies, government agencies, and media outlets.

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 has 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.

Maritime Blue has taken significant steps over the past two years towards organizational sustainability by diversifying revenue and increasing operational capacity. The organization has secured significant new funding from federal, state and philanthropic sources. MB recently secured a \$500,000 Build Back Better (BBB) grant from the United States Economic Development Administration and is competing for larger project driven funding opportunities through the BBB grant program. Maritime Blue has added six employees as its work has expanded. Its Budget for FY 2022-2023 is \$3.232 Million.

Based on the success of these initiatives and the Port's desire to further advance maritime innovation and 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).

Template revised June 27, 2019 (Diversity in Contracting).

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This new agreement with Maritime Blue would support a partnership with the Port of Seattle that includes:

- Running an annual maritime innovation accelerator program
- Establishing a new maritime business incubator initiative at Fishermen's Terminal; and
- Supporting events and forums that advance Ocean/maritime innovation.

These initiatives along with MB's continued work on the Youth Maritime Collaborative constitute the 2022-24 focus for the Port of Seattle's partnership with Maritime Blue based on the Memorandum of Understanding executed between the two organizations.

#### JUSTIFICATION

When Maritime Blue was launched, State Representative Gael Tarleton provided a compelling vision for Washington's maritime industry:

"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."

This vision is still alive and more important than ever as the Port of Seattle advances economic recovery and supports its maritime industry partners. The Port of Seattle, Maritime Blue and a host of other partners have significantly advanced the new Blue Economy, but the work is only getting started. Efforts must continue so we can tap innovations and clean new technologies that modernize our maritime industry and sustain it into the future.

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. Because of Maritime Blue's unique expertise, skills and knowledge, a competitive process is not appropriate or cost effective, and a competitive exemption is appropriate in accordance with RCW 53.19.020(5).

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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.
- 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

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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

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

July 12, 2022 -- Commission received a briefing on Maritime Blue's annual results

July 12, 2021 -- Commission received a briefing on Maritime Blue's annual results

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 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. funding

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