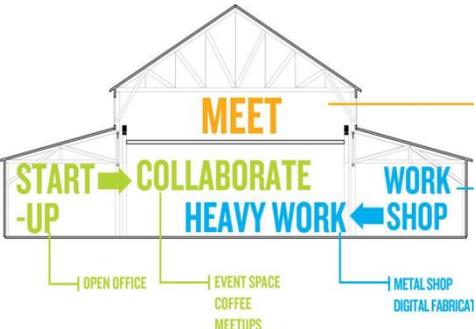


Economic Development Division

ITEM NO: 9a
DATE OF MEETING: July 9, 2019

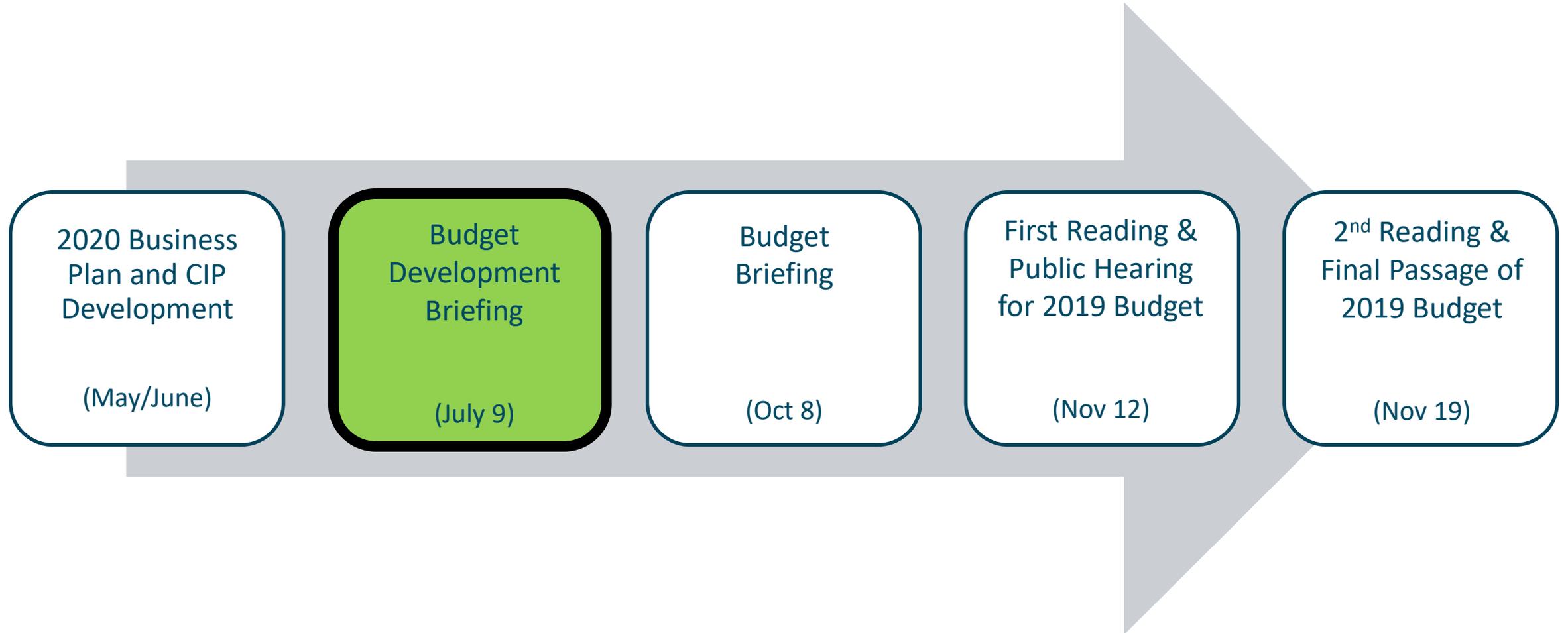


2020 Business Plan and Budget Preview

Outline

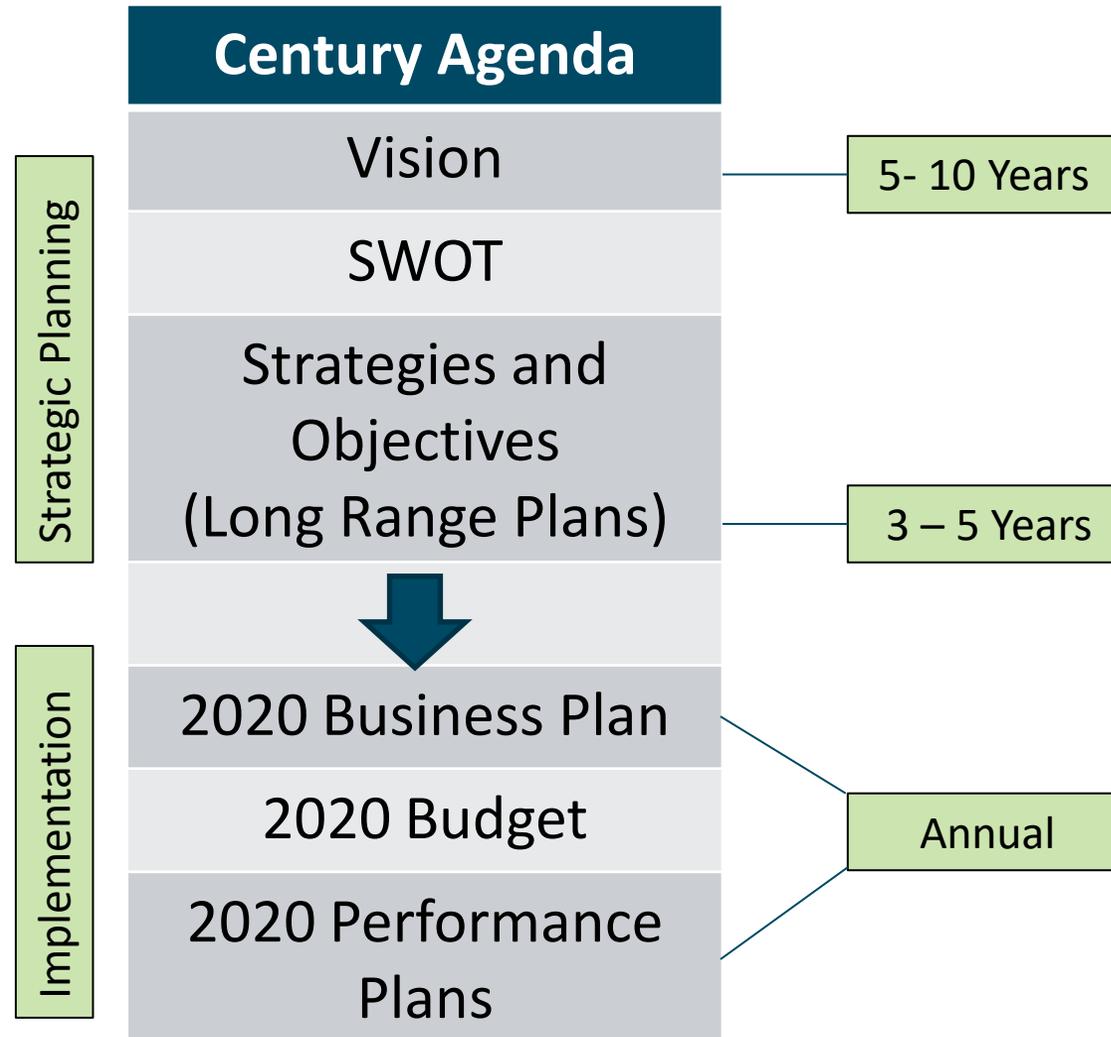
- Strategy to Budget process
- Alignment with Century Agenda/2020 Goals
- SWOT Analysis
- 2020 Economic Development Priorities
- 2020 Operating and Capital Budget Needs

2020 Economic Development Division Budget Timeline



Note: Detailed schedule in appendix

Strategy to Budget Process



Century Agenda

Drives Economic Development Division

Century Agenda	Economic Development Priorities
Fishing & Maritime Cluster Growth	➤ Fishermen's Terminal & T91 Uplands Development
Advance Region as Tourism Destination	➤ Tourism Development and Grant Partnerships
Use Our Influence to Promote WMBE Growth and Workforce Development	➤ Diversity in Contracting and Workforce Development
Be the Greenest Port	➤ Industrial Land Protection and Development

Alignment with 2020 Goals

Port Wide Goal	Economic Development Division Priority
Operate Effective Maritime and Aviation Gateways	➤ Support Maritime and Aviation Real Estate Needs and Opportunities
Execute Five Year Capital Investment Plan	➤ Bell Harbor renovation, T91 Uplands Development, Maritime innovation center, FT Gateway building
Drive Regional and Statewide Economic Vitality	➤ Tourism development, City and tourism grant programs
Enhance Workforce Development to Support Regional Port-Related Industries	➤ Construction trades training, Airport employment office, Maritime Youth Collaborative, Career Connected Learning
Expand Equity, Diversity, and Inclusion	➤ Diversity in Contracting & Workforce Development
Be a Good Partner – Expand Engagement	➤ Tourism development, grant programs, maritime innovation center, workforce development, diversity in contracting

SWOT Analysis -- Real Estate

	Helpful	Harmful
Internal	STRENGTHS 	WEAKNESSES 
External	 OPPORTUNITIES	 THREATS



- Strategically located properties
- Port Commission interested in utilizing RE Assets
- Talented interdisciplinary team



- Challenging properties (brownfields, soils, etc.)
- Long development processes
- More capacity need to deliver project pipeline



- Develop properties to support S King County
- Develop properties to support Maritime
- Use Real Estate to drive equity



- Global uncertainty – threat of recession
- Permitting timelines and complexities
- Loss of industrial lands

Real Estate Strategic Priorities

1. Complete **Bell Harbor Conference Center** Modernization
2. Redevelop **Terminal 106**
3. Redevelop **CEM** and **Des Moines Creek West** properties
4. Implement **Terminal 91 Uplands** planning/development
5. Determine **Maritime Innovation Center** location
6. **Maintain 94% occupancy** for Economic Development and Maritime properties



Pier Two

SWOT Analysis -- Tourism

Strengths



- New Port investments (IAF, cruise terminal, etc.)
- Strong partnerships
- Positive reputation with tourism/travel industry

Weaknesses



- Long lead times needed to administer grant program
- Low state funding for tourism limits leverage

Opportunities



- Strong Alaska cruise market
- Communities outside the Puget Sound can offer different and more affordable attractions

Threats



- Hotel availability and prices
- Global uncertainty can impact tourism
- Overtourism

Tourism Strategic Priorities

1. Utilize **Tourism Grant** programs to increase the awareness of Washington state's unique visitor opportunities and attractions
2. **Conduct Familiarization tours (FAMS) for the travel media and travel trade** to generate interest in King County and Washington state's tourism amenities and attractions
3. **Partner with Visit Seattle and the Washington Tourism Association** to leverage the Port's tourism investments and grant programs
4. **Expand cruise and stay options** within Washington state to enhance the cruise industry's economic impacts to the region



Norwegian Bliss Marks Arrival of Larger Cruise Ships

SWOT Analysis -- Diversity in Contracting

Strengths



- New program creates excitement
- Port Commission sets strong policy
- Executive Team strongly supports policy and program success

Weaknesses



- Port staff not familiar or experienced with new program
- Bias may still exist against smaller or inexperienced firms
- No historical WMBE utilization rates - make goal setting difficult

Opportunities



- Strong community network
- Other government agencies willing to leverage Port program
- Strong ethnic media network helps amplify program

Threats



- Retrenchment around I-200 (as opposed to I-1000)
- Economic recession and slowdown in construction industry

Diversity in Contracting Strategic Priorities

1. **Increase WMBE contracting utilization** results, especially for African American and Hispanic businesses
2. **Advance community engagement** and partnerships to support WMBE and DBE programs
3. Provide **PortGen workshops/trainings** to interested WMBE and DBE businesses
4. Implement **communication and education programs** to build external and internal support for WMBE utilization
5. **Work with Public Sector partners** to advance WMBE and DBE utilization



SWOT Analysis -- Workforce

Strengths



- Port Commission strongly endorses workforce development investments
- Current training investments producing results

Weaknesses



- Current contracting processes do not align well with non profit organizations
- Embedding diversity and inclusion within workforce programs takes time and understanding

Opportunities



- New state workforce law provides opportunity
- Growing regional alignment around Career Connected Learning (and new funding)

Threats



- Maritime industry has diffuse training needs
- Extended timeframes needed to implement workforce initiatives on behalf of distressed neighborhoods, women and people of color

Workforce Development Strategic Priorities

1. Support **new** Port Commission **workforce policy**
2. **Expand construction industry training** for disadvantaged workers
3. **Support workers and employers at SeaTac** International airport by operating Airport Employment Center and Career Support Center
4. Implement **aviation career pathway training** initiative
5. Advance **Maritime Youth Collaborative (MYC)** & Aviation career connected learning initiatives



Pedro Reynaga, Harbor Operations Intern

SWOT Analysis -- EDD & Innovation Partnerships

Strengths



- Port Commission committed to partnerships
- Grant funding can advance Port priorities
- Talented team support for grants and innovation

Weaknesses



- New programs lack clear metrics and outcomes
- Grant projects can take longer than funding cycles
- Grants drive contracts, paperwork and process

Opportunities



- Cities and stakeholders welcome tangible and productive economic development partnerships
- Washington can be global leader in maritime innovation

Threats



- Lack of collaboration/innovation within Maritime sector
- Balkanization of economic development efforts across the region

ED and Maritime Innovation Partnerships – Strategic Priorities

1. Implement 2020 **grant program** in partnership with **King County Cities**
2. Operate **maritime innovation accelerator program** to discover, promote and help advance promising maritime ventures and startups
3. Host **maritime innovation center advisory council** meetings to ensure public and private **partners** can steer and provide counsel on maritime innovation initiatives
4. Organize **fact finding trips** to other cities and ports that are working to advance maritime innovation initiatives and adopt best practices



Maritime Innovation District

Economic Development Division

2020 Priority Recap

1. **Manage and Develop Port Real Estate**
2. **Expand contracting opportunities** for Women Minority Business Enterprises
3. **Advance workforce development** initiatives focused on construction, aviation and maritime industries
4. **Promote tourism opportunities** that tie to the use of Airport and Maritime terminals
5. **Drive productive partnerships** through unique economic development initiatives:
 - ED Grant program (+ tourism)
 - Maritime innovation center

Budget Preview

- Operating Revenues/Expenses Driven by Central Harbor Properties
 - 2020 revenues from Bell Harbor Conference Center impacted by renovation
 - Implementation of GASB 87 (new lease revenue requirements) will impact how we recognize lease revenue
- Levy supports Small Business, Workforce, ED and Tourism Grants
- Will be reducing funding for some departments/programs based on current spending patterns (zero-based approach)
- Plan to earmark funds to support long term development of maritime innovation center
 - Supports maritime accelerator initiatives (“virtual incubator”)
 - Supports advisory committee meetings, fact finding trips and partnerships with Maritime Blue

Preliminary Economic Development 2020 Capital Plan Highlights

- Continued work toward:
 - Bell Harbor International Conference Center Modernization – Beginning Construction Phase
 - Terminal 91 Uplands Development – In Design
 - World Trade Center West HVAC
- CIP projects under consideration (asset preservation):
 - Pier 69 Under-dock Work
 - Pier 66 Roof Upgrades
 - WTCW Roof Replacement

Note: New projects subject to funding availability

Staffing Resource Needs

- Staffing needs in the following area:
 - Economic Development operations:
 - Career Advancement Center administration
 - Maritime innovation center
 - Soundside Alliance support
 - Diversity in Contracting/Disadvantaged Business Enterprise
 - Aviation Disadvantaged Business Enterprise program staffing
- Visionary Capital Plan
 - Capital planning (share resource with Maritime)

Detail 2020 Budget Schedule

- 07/09– 2020 Economic Development Business Plan and Budget Development Preview briefing
- 08/13– EDD/Maritime CIP and Funding Discussion
- 09/24 – Central Services budget Commission briefing
- 10/08 – Operating division budgets Commission briefing
- 10/22 – Tax Levy & Draft Plan of Finance Commission briefing
- 10/22 – 2020 Preliminary Budget document available to Commission
- 10/24 – 2020 Preliminary Budget document available to the public
- 10/29 – NWSA Budget study session by Managing Members
- 11/13 – First reading of budget resolution and public hearing
- 11/14 – NWSA Budget adoption by Managing Members
- 11/13 – First reading of budget resolution and public hearing
- 11/19 – Second reading and final passage of 2020 Budget
- 12/02 – File the 2020 statutory budget with King county
- 12/13 – Publish the 2020 Final Budget to the public