



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8a

ACTION ITEM

Date of Meeting August 13, 2019

DATE: August 1, 2019

TO: Stephen P. Metruck, Executive Director

FROM: Dave McFadden, Managing Director, Economic Development Division

SUBJECT: Economic Development CAT II Partnership Agreement with Maritime Blue

Total contract request: \$200,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a joint partnership agreement with Maritime Blue, a non-profit agency, to develop and pilot a maritime accelerator initiative, host maritime blue forums, and advance the work of the maritime cluster organization for one year at the rate of \$200,000 and 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.

EXECUTIVE SUMMARY

Earlier this year Governor Inslee rolled out Washington State’s Strategy for a Blue Economy, a comprehensive plan setting the course for taking the maritime industry to the highest level of global sustainability leadership. The bold plan aligns closely with Port of Seattle goals to advance maritime innovation, reduce greenhouse gas emissions, and support workforce training opportunities within the sector for women and people of color.

The proposed agreement with Maritime Blue, a nonprofit cluster organization, is to develop and pilot a maritime accelerator initiative, host blue forums and advance key strategies within the state’s strategy to sustain Washington state’s maritime industries. These initiatives constitute the focus for the Port of Seattle’s first year partnership with Maritime Blue based on the Memorandum of Understanding executed between the two organizations.

Most 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.

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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 2017-2018, \$1.33 million in funding was secured to support development of the strategy, support community engagement, and help create 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.

JUSTIFICATION

State Representative Gael Tarleton provided a compelling vision for Washington's maritime industry earlier this year when the state strategy was shared:

“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.”

The proposed agreement with Maritime Blue takes notable first steps to implement this vision and the recent memorandum of understanding the Port of Seattle executed with this non-profit maritime cluster organization:

- (1) Advances maritime innovation through development of a pilot accelerator program that will nurture promising maritime companies and entrepreneurs;
- (2) Advances development of financing networks and programs for small and emerging maritime companies;
- (3) Supports forums, projects and strategies to reduce maritime greenhouse gas emissions; and
- (4) Advances maritime workforce development.

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 use the Port's influence to promote workforce development.

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Scope of Work

The agreement will support the following scope of work:

- Develop and implement a pilot maritime accelerator program in 2019/2020
 - Provide evaluative report on program highlighting successes, outcomes, challenges and lessons learned
- Advance development of the Port's maritime innovation center
 - Provide administrative support for the maritime innovation center advisory committee
- Developing financing networks and programs for small and emerging maritime companies
- Supporting maritime workforce development initiatives including the Maritime Youth Collaborative
- Supporting forums, projects and strategies to reduce maritime greenhouse gas emissions

Developing and piloting a maritime accelerator program can help develop an entrepreneurial ecosystem that catalyzes innovation and fosters active partnerships between local industry, academia and startups in the maritime community. Maritime Blue will select a contractor to create a tailored startup program, source targeted startups and pilot the program. The goal for the pilot accelerator is to attract 8-10+ early stage maritime companies that can tangibly advance their ventures through the accelerator program.

Port staff and Joshua Berger, the Governor's Maritime Sector lead, have done extensive research on maritime accelerator programs. They have also evaluated several local options to stage the virtual maritime accelerator initiative. If the Commission authorizes the partnership agreement Maritime Blue would pilot the maritime accelerator on the following schedule:

- October: Announce program
- December: Launch program
- March: Program conclusion/celebration

Maritime Blue is also completing a maritime industry capital assessment that can also help leverage the accelerator program. **Next Street Financial** is doing this study and it is helping inventory capital providers and align them with promising maritime ventures. This database of capital providers will be helpful to both emerging and established maritime businesses.

As part of the partnership agreement Maritime Blue will provide administrative support to the Port's maritime innovation center advisory committee. The group meets quarterly and is comprised of maritime businesses, education and research institutions, and partner government agencies. The group's collective expertise is invaluable towards longer term development of facility operations.

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Maritime Blue will also continue to advance maritime workforce development initiatives. The cluster organization is an active part of the Maritime Youth Collaborative and a strong advocacy organization for maritime workforce development. Maritime Blue will also support the Port of Seattle's efforts to develop a comprehensive energy strategy for the Seattle Harbor by supporting stakeholder engagement and technology solutions.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) Do not authorize agreement with Maritime Blue

Pros:

1. Reduces specific budget request by up to \$200,000 a year, which could be used for other initiatives
2. Provides additional time to weigh options for implementing Maritime Blue partnership

Cons:

1. Momentum around WA Strategy for Maritime Blue implementation reduced
2. Pilot accelerator's impacts and lessons learned could be lost
3. Opportunity to build maritime capital networks diminished

This is not the recommended alternative

Alternative 2) – Authorize \$200,000 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 \$200,000.

Pros:

1. This new agreement will reinforce the Port of Seattle's commitment to maritime innovation and the maritime innovation center
2. Advancing a virtual maritime accelerator ramps up maritime entrepreneurial initiatives that are instrumental to the success of the maritime innovation center
3. Port financial investments in Maritime Blue will be leveraged by other public and private members and sponsors

Cons:

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

This is the recommended alternative.

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FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

Capital

Expense

Total

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$0	\$200,000	\$200,000
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 \$200,000. The source of funds is the King County tax levy.

ATTACHMENTS TO THIS BRIEFING

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

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.