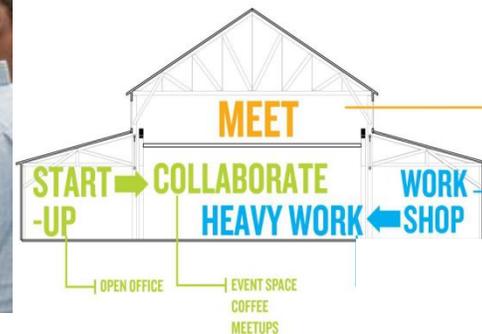


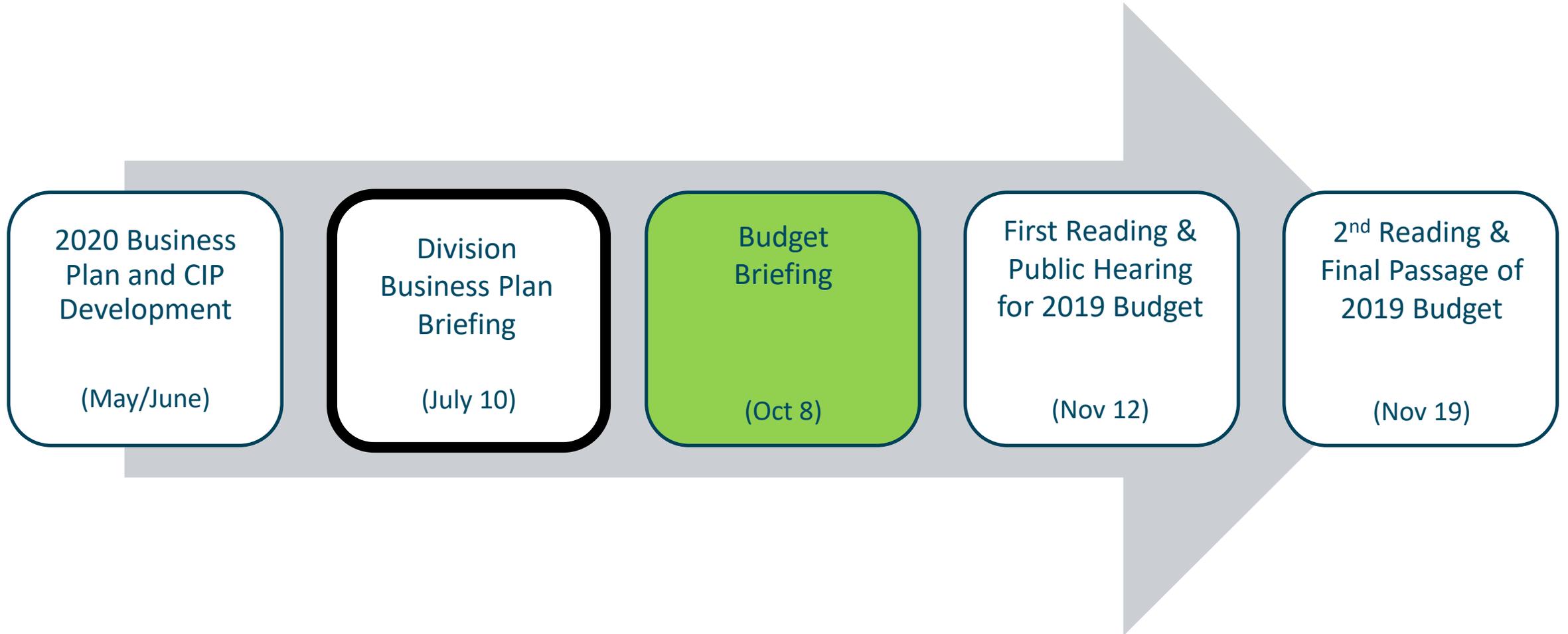
Economic Development Division

Item No. 9b supp 2
Meeting Date: October 8, 2019

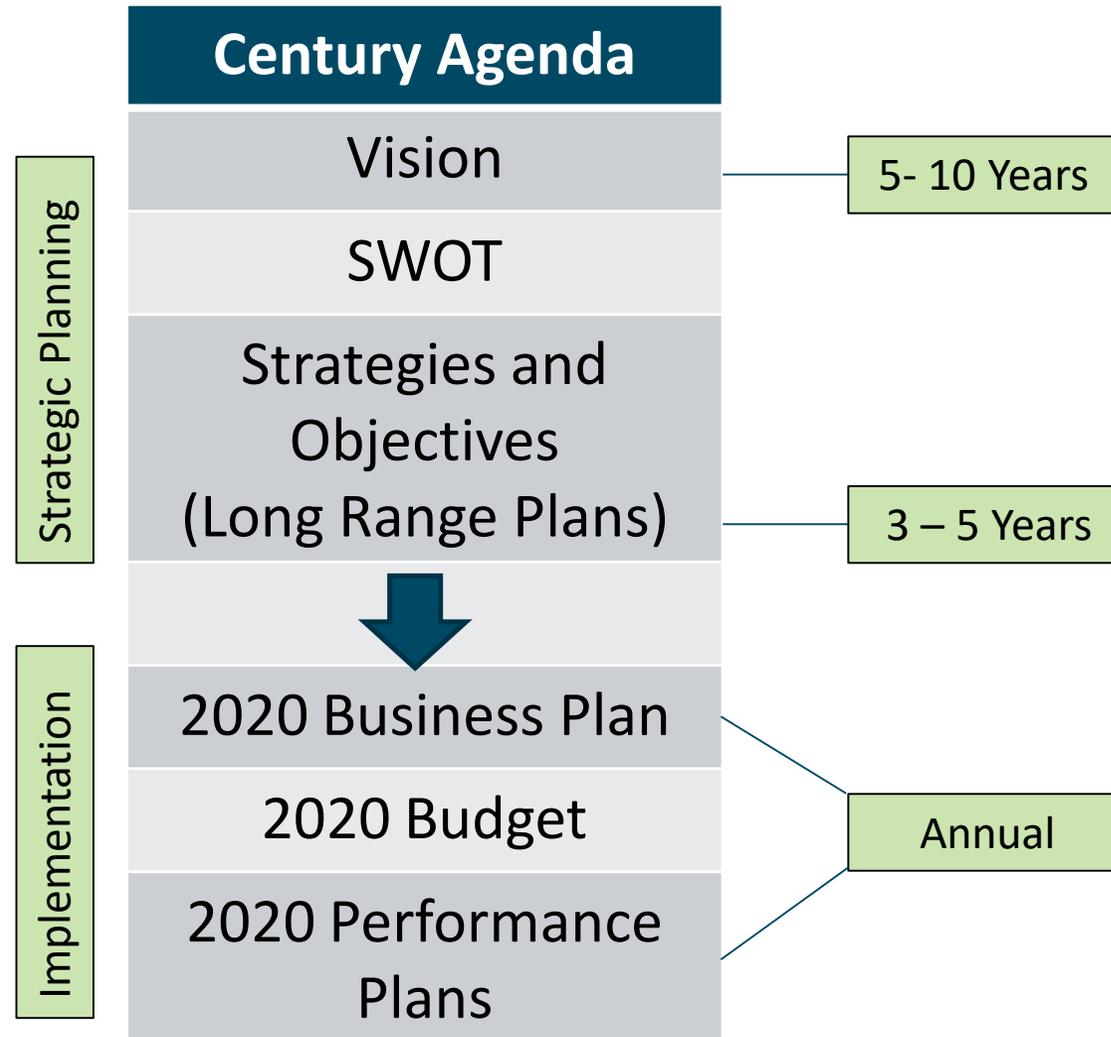


2020 Preliminary Budget
October 8

2020 Economic Development Division Budget Timeline



Strategy to Budget Process



Economic Development Key 2020 Budget Drivers

Revenue Down \$615K/3.1%:

- Modest increases in existing leases.
- \$809K reduction In Conference Centers.

Expense Down \$1,385K/4.5%

- Better alignment of budgeted initiatives with spending.
- Favorable allocations from shared facilities and Central Services.

Capital

- Construction of Bell Harbor Conference Center.
- Completing Design process for T91 light industrial buildings.

EDD P&L Summary

\$ in 000's	2018	2018	2019	2019	2020	Incr (Decr)	
	Actual	Budget	Budget	Forecast	Budget	Budget Variance	
						\$	%
Revenue	9,002	8,985	8,930	8,930	9,124	194	2%
Conf & Event Centers	11,703	9,537	10,795	10,795	9,985	(810)	-7%
Total Revenue	20,705	18,522	19,725	19,725	19,110	(615)	-3%
Expenses							
Portfolio Management	3,571	3,778	4,128	3,894	4,008	(119)	-3%
Conf & Event Centers	9,889	8,465	9,374	9,374	8,902	(472)	-5%
P69 Facilities Expenses	235	289	225	225	195	(30)	-13%
RE Dev & Planning	149	211	216	166	208	(8)	-4%
EconDev Expenses Other	785	1,227	1,262	1,062	932	(330)	-26%
Maintenance Expenses	3,915	3,055	4,071	3,571	3,789	(282)	-7%
Maritime Expenses (Excl Maint)	179	344	389	265	439	50	13%
Total EDD & Maritime Expenses	18,724	17,370	19,664	18,556	18,472	(1,191)	-6%
Diversity in Contracting	132	140	199	199	197	(2)	-1%
Workforce Development	702	1,992	2,010	1,600	1,900	(110)	-5%
Tourism	1,408	1,460	1,521	1,521	1,536	15	1%
EDD Grants	838	960	1,160	900	1,110	(50)	-4%
*Total EDD Initiatives	3,080	4,552	4,890	4,220	4,743	(146)	-3%
Environmental & Sustainability	281	398	395	338	323	(73)	-18%
CDD Expenses	283	329	235	247	341	106	45%
Police Expenses	(76)	158	228	220	0	(228)	-100%
Other Central Services	5,203	5,816	5,547	5,436	5,737	190	3%
Aviation Division	155	127	155	155	113	(42)	-27%
Total Central Services & Aviation	5,846	6,829	6,561	6,397	6,514	(47)	-1%
Envir Remed Liability	0	0	0	0	0	0	NA
Total Expense	27,651	28,751	31,114	29,172	29,730	(1,385)	-4.5%
NOI Before Depreciation	(6,946)	(10,229)	(11,389)	(9,447)	(10,620)	769	7%
Depreciation	3,992	4,156	3,819	3,819	3,392	(427)	-11%
NOI After Depreciation	(10,938)	(14,385)	(15,208)	(13,266)	(14,011)	1,196	8%

*Portion of 2020 EDD initiatives assigned to tax levy:

Workforce Development

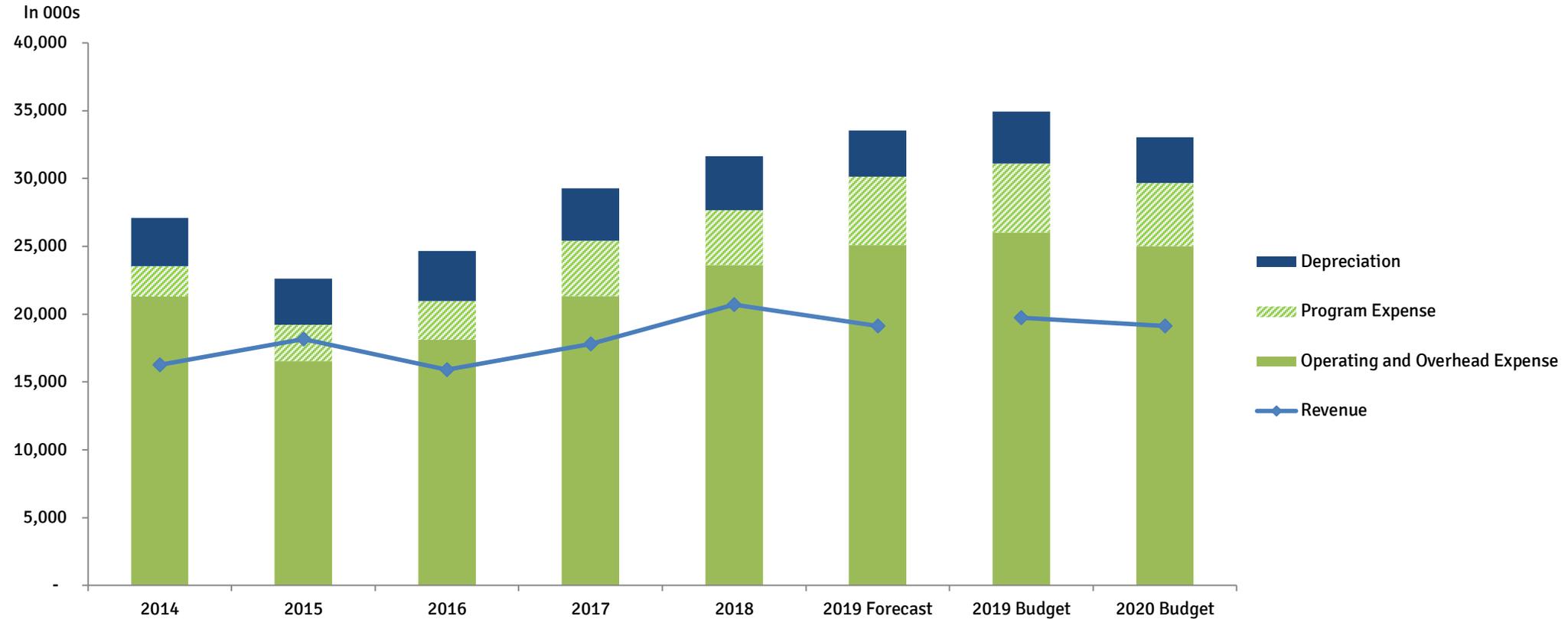
- Career Advancement Center - \$300K
- Construction Trades - Pre-Apprentice - \$650K
- Airport Career Pathways - \$100K
- Engagement and Strategic Plan - \$200K
- Transportation / Bus Charters - \$2.4K
- Maritime Secondary Education - \$100K
- Youth Maritime Initiative - \$150K

Other

- EDD Partnership Grants - \$960K
- Tourism Marketing Support Program - \$200K
- Port Gen Small Business Training - \$50K
- Maritime Innovation Initiatives \$150K

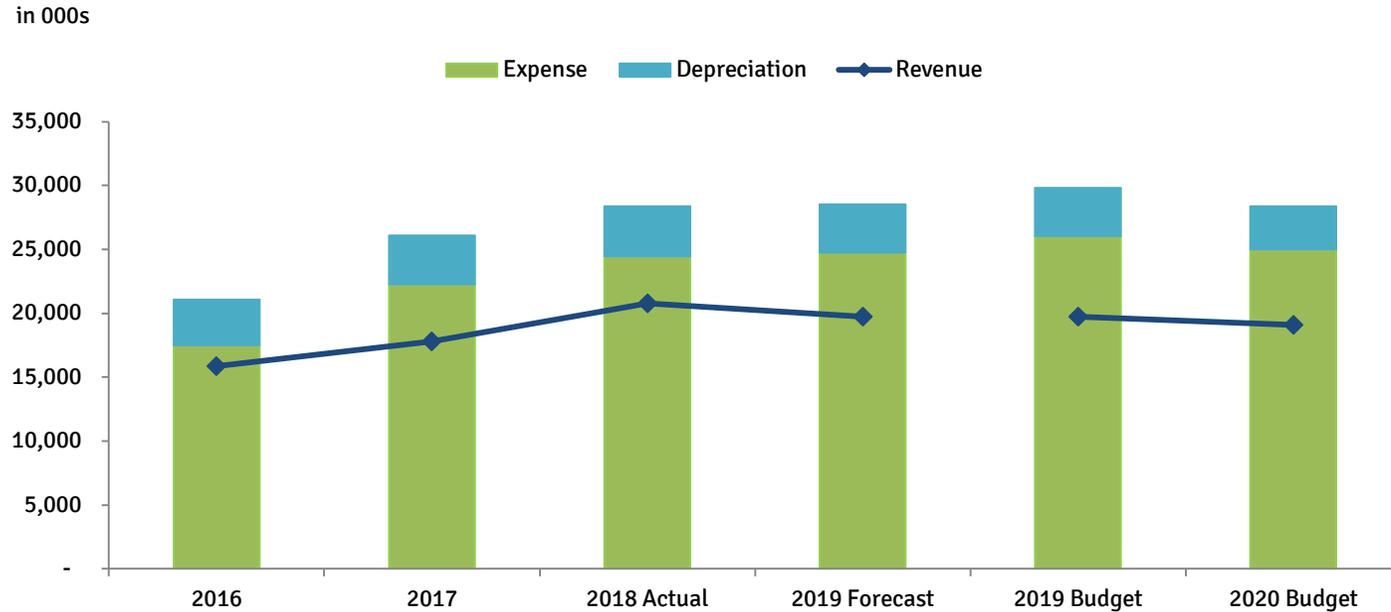
Total = \$2,762K

Economic Development Division Financial Trend



- Conference & Event Center construction driving 2019/2020 revenue decline (and associated variable expense). Return to trend expected 2021 and beyond.

Portfolio Management Financial Trend



Revenue down \$617K/-3.1%
Expenses down \$1,042K/-4.0%

Opportunities:

- T91 Development

Risks/Challenges:

- Potential downturn in real estate and the economy
- Ongoing major projects on the waterfront.
- Potential impact from newly built convention centers.

- Includes non-alliance & upland real-estate at Tsubota, T-91 (General), T-86, P-69, Bell Street Garage, Smith Cove Conference Center, Bell Harbor Conference Center, World Trade Center, Foreign Trade Zone, Pier 2, T-34, and T-102.

Real Estate Strategic Priorities

- ❑ Complete **Bell Harbor Conference Center** Modernization
- ❑ Redevelop **Terminal 106**
- ❑ Redevelop **CEM** and **Des Moines Creek West** properties
- ❑ Continue **Terminal 91 Uplands** planning/development
- ❑ Move **Maritime Innovation Center** forward along with **FT Gateway** building
- ❑ Manage and Operate **Pier 69 Headquarters**
- ❑ Maintain **95% occupancy** for Economic Development and Maritime properties



New Light Industrial Facilities at Des Moines Creek North Business Park in SeaTac. Over the past five years, the Port has partnered with private developers to build/lease over 2.2 Million square feet of light industrial space near Sea-Tac international airport.

Real Estate Development 2020 Initiatives

\$ in 000's	<u>2019 Budget</u>	<u>2020 Budget</u>	<u>'20-'19 Change</u>
Appraisals	50	50	0
Central Waterfront wayfinding plan/ideas	0	50	50
Real Estate Strategic Plan/other consulting services	250	250	0
Total	<u><u>300</u></u>	<u><u>350</u></u>	<u><u>50</u></u>

Pier 69 Facilities 2020 Initiatives

\$ in 000's

	<u>2019 Budget</u>	<u>2020 Budget</u>	<u>'20-'19 Change</u>
P69 Shuttle	200	0	(200)
Total	<u><u>200</u></u>	<u><u>0</u></u>	<u><u>(200)</u></u>

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



2019 Port Annual WMBE Utilization Goal = 12.4%

2019 WMBE Utilization (end of Q2) = **13.8%**

Diversity in Contracting 2020 Initiatives

\$ in 000's

	<u>2019 Budget</u>	<u>2020 Budget</u>	<u>'20-'19 Change</u>
Construction Incubator	60	50	(10)
Small Business Training	75	50	(25)
Marketing/ Communication/Design Services	5	10	5
OMWBE Certification	15	15	0
WMBE Best Practice and Implementation	50	0	(50)
Champion of Inclusion	10	10	0
Procurement Technical Assistance	15	15	0
Mentor Protege	0	80	80
Total	<u><u>230</u></u>	<u><u>230</u></u>	<u><u>-</u></u>

Tourism Strategic Priorities

1. Utilize **Tourism Grant** programs to increase the awareness of Washington state's unique visitor opportunities and attractions
2. **Expand cruise and stay options** within Washington state to enhance the cruise industry's economic impacts to the region
3. **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
4. **Partner with Visit Seattle and the Washington Tourism Association** to leverage the Port's tourism investments and grant programs



Spotlight Airport Advertising Program Highlights WA Destinations

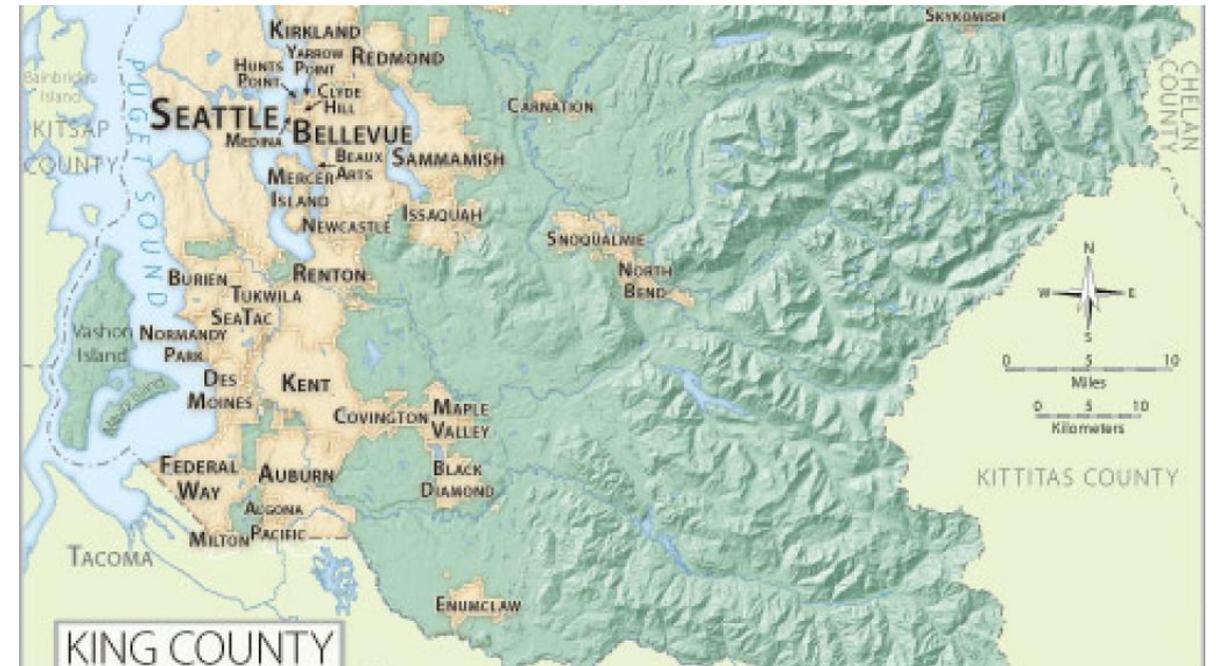
Tourism 2020 Initiatives

\$ in 000's

	<u>2019 Budget</u>	<u>2020 Budget</u>	<u>'20-'19 Change</u>
Int. Representation & Work (Australia/Chir	98	98	0
Adv/Marketing (WeChat, FT, Cruise)	133	133	0
Europe Representation & VS Sponsorship	275	275	0
Tourism Grants	200	200	0
London Trvl Show / Tourism Development	39	39	0
Fam Tours / New Service Inaugural Activity	83	83	0
Total	<u><u>828</u></u>	<u><u>828</u></u>	<u><u>-</u></u>

ED and Maritime Innovation Partnerships – Strategic Priorities

1. Implement 2020 **Economic Development Grant Program** in partnership with **King County Cities**
2. Support **Greater Seattle Partners'** regional economic development initiatives
3. Support **Duwamish Community Equity Partners'** economic development initiatives
4. Support **maritime innovation initiatives** to discover, promote and help advance promising maritime ventures and startups
 - ❑ Implement pilot maritime accelerator program to support promising maritime startups
 - ❑ Build partnerships with other maritime innovation centers/programs
 - ❑ Work across the Port to advance maritime innovation



ED Grant program touches cities across King County

EDD Admin 2020 Initiatives

Economic Development Admin

\$ in 000's	<u>2019 Budget</u>	<u>2020 Budget</u>	<u>'20-'19 Change</u>
ED Partnership Grants	960	960	0
Workforce Dev. Pilot Program (Career Advancement Center)	200	0	(200)
Membership: Economic Dev Council	100	0	(100)
Membership: Trade Dev Alliance	93	0	(93)
Membership: Greater Seattle Partners	0	150	150
Promotional Hosting/Sponsorships	60	60	0
Maritime Innovation Initiatives	0	150	150
Opportunity Fund	500	350	(150)
Total	<u>1,913</u>	<u>1,670</u>	<u>(243)</u>

Workforce Development Strategic Priorities

1. Support **new** Port Commission **workforce policy**
2. **Sustain 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 pilot training** initiative
5. **Sustain Maritime Youth Collaborative (MYC) & Aviation career** connected learning initiatives



Ironworker's Preapprenticeship Graduates

Workforce Development 2020 Initiatives

\$ in 000's

	<u>2019 Budget</u>	<u>2020 Budget</u>	<u>'20-'19 Change</u>
Contracted Initiatives			
Airport Employment Center	500	500	0
Airport Employment Center and Classroom	350	419	69
Employment Continuity Pool Program	60	60	0
Construction Trades - Regional Partnership Services, Pre-App	710	650	(60)
Maritime (Youth Collaborative)	250	150	(100)
Career Advancement Center (Originally WFD Pilot Program)	200	300	100
Airport Career Pathways Implementation	250	100	(150)
Total Contracted Initiatives	2,070	2,079	9
Developing Initiatives			
Engagement and Strategic Plan	0	200	200
Maritime Secondary Education	0	100	100
K-12 Career Connected Learning	400	0	(400)
Total Developing Initiatives	400	0	(100)
Workforce Development Support	28	28	0
Total Workforce Development	2,498	2,407	(91)

Net Increase of 0.6 FTE

<u>2019 Budget</u>	36.0
<u>2019 Changes</u>	
Disadvantaged Business Enterprise Specialist	1.0
Diversity in Contracting Outreach & Training Manager	1.0
<i>P69 Front Desk Security (Transferred Departments)</i>	(1.0)
Adjusted 2019	37.0
<u>2020 Budget</u>	
Staff Additions (Subtractions):	
<i>Real Estate Analyst</i>	0.6
Net Change 2020	0.6
Proposed 2020 Budget	37.6

Economic Development Division Commission Briefing - Appendix

2020 Preliminary Budget

October 8, 2019



Reductions from Zero-Based Approach

Business	What	Totals in '000	Description
Diversity in Contracting	Equipment Expense	(2)	Computer and Telephone expense for AOB office and staff
Diversity in Contracting	Travel/Training	(5)	Mainly reduction in Registration
Diversity in Contracting	Outside Services	(11)	Decrease in Outside Temp Clerical/Admin (\$10K) and Other Contracted Services Trade Show Banner (\$2K)
Diversity in Contracting	Initiatives	(10)	Construction Incubator
Diversity in Contracting	Initiatives	(25)	Small Business Training
Diversity in Contracting	Initiatives	(50)	WMBE Best Practice and Implementation
Workforce Development	Equipment Expense	(4)	Removed Laptop Replacment (\$2K), Equipment Rental and A/V for Events (\$2K)
Workforce Development	Travel/Training	(8)	Reductions in Registration (\$4K), Local Transportation (\$2K), and Air Fare (\$2K)
Workforce Development	Other O&M	(4)	Burning Glass subscription
Workforce Development	Initiatives	(250)	Airport Career Pathways Implementation
Workforce Development	Initiatives	(100)	Youth Maritime Initiative
Workforce Development	Initiatives	(60)	Construction Trades - Regional Partnership Services, Pre-App
Workforce Development	Initiatives	(400)	K-12 Career Connected Learning
ED Portfolio Management	Equipment	(25)	Decreased in capital reserve
ED Portfolio Management	General Expenses	(457)	BHICC's 3rd Party Management Op Exp and their Management Fee
ED Portfolio Management	Initiatives	(163)	T-102 Tenant Improvements
ED Portfolio Management	Initiatives	(110)	T-102 Broker Fees
ED Portfolio Management	Initiatives	(51)	WTCW Broker Fees
ED Portfolio Management	Initiatives	(69)	WTCW Tenant Improvements
EDD Administration	Travel/Training	(15)	Reduction in line with historic actuals
Total		(1,819)	

Note: There are additional reductions outside of this list, including service groups