



**COMMISSION
AGENDA MEMORANDUM**

Item No.

6m

ACTION ITEM

Date of Meeting

December 10, 2019

DATE: November 27, 2019

TO: Stephen P. Metruck, Executive Director

FROM: David McFadden, Managing Director

SUBJECT: 2020 Economic Development Partnership Program Authorization Request

Amount of this request: \$965,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute contract agreements and implement the 2020 Economic Development Partnership program with King County cities in an amount not to exceed \$965,000.

EXECUTIVE SUMMARY

Now in its fourth year, staff is requesting Commission authorization to implement the 2020 Port of Seattle Economic Development Partnership program in an amount not to exceed \$965,000.

In June of 2016, the Port of Seattle Commission created the program to advance local economic development in collaboration with King County cities (except Seattle). The program, funded by the tax levy, provides cities \$1 per capita with a minimum funding amount of \$5,000 and a maximum funding amount of \$65,000. The Port also requires a 50% match (up to 25% monetary match and 25% in-kind resource match) to ensure cities are also committed to project success.

Over the past three grant cycles, cities have continued to work on projects that support economic diversification, local business development, company attraction, planning and feasibility studies, marketing, and tourism and wayfinding.

In 2019 (program cycle 3), 23 out of the 38 King County cities applied for funding and entered into a contractual agreement with the Port of Seattle. Approximately, \$778,000 of the total \$965,000 in allocated funds were awarded and expended by cities (awarded funds are used to estimate the total for cities still completing their projects). Additionally, cities have allocated almost \$571,000 in monetary and in-kind matching resources in 2019. Decreased city participation is attributed to several factors described in the next section.

2019 RESULTS AND PROGRAM HISTORY

In 2019, more cities are using the program as seed funding for new and regional collaborations, especially in South King County. Additionally, multiple smaller cities, like Pacific and Tukwila, are contributing to regional collaborations using Port awarded funding.

Projects undertaken by the 23 King County cities in 2019 are classified under five different categories based on the type of economic development activities undertaken. Several cities are conducting multiple projects and some projects cross over into multiple categories. The number of economic development projects by category are:

- Business Recruitment: 14 cities,
- Business Assistance and Retention: 11 cities,
- Planning/Feasibility Studies: 10 cities,
- Tourism: 9 cities, and,
- Buy Local Initiatives & Marketplace Development: 4 cities.

The projects highlighted in the City Project Summaries section offer a sample of the ways cities are leveraging the program to create jobs and advance the regional economy.

Support and feedback from the cities continue to be overwhelmingly positive for the program. In the final project reports completed by the program recipients, several cities shared the value they see in the program and how the program has advanced economic inclusion in their communities.

“This is a valuable and effective program that enables us to augment our services and assist multiple city departments in [the City of Kenmore].”

– Nancy Ousley, Assistant City Manager, City of Kenmore

“As we worked on the economic development plan, our City Council encouraged us to do additional and extensive outreach to the economically and socially disadvantaged communities in Tukwila...[we] feel [the research] will lead to better policies for the economic health of our city.”

– Derek Speck, Economic Development Administrator, City of Tukwila

“The City of Renton is incredibly grateful for the continued support from the Port of Seattle and the opportunity to build on the strategic creation of new opportunities for economic growth at both local and regional levels.”

– Jessie Kotarski, Economic Development Specialist, City of Renton

“The program functions very well. We very much appreciate the Port Commissioners’ support for the program, and the great communication and flexibility that Port Staff displays through the administration of the program.”

– Chris Craig, Economic Development Manager, City of Burien

In 2019 (program cycle 3), 23 out of 38 King County cities applied for funding and entered into a contractual agreement with the Port of Seattle. In 2017 (grant cycle 2), 30 of the 38 King County cities applied for funding and entered into a contractual agreement with the Port.

The decreased number of cities participating in the 2019 program is partly due to a variety of causes including:

- Limited city funds to offer as a funding match: Mercer Island;
- Changes in city management: Sammamish;
- Changes in city elected officials: Newcastle;
- Limited city staff capacity (example: staff needed to manage permitting): Lake Forest Park; and
- Finishing projects from the 2017-2018 program cycle: Carnation and Enumclaw.

Port economic development staff has already begun meeting with different cities to explore solutions and projects that address these constraints. Additionally, staff is working to encourage all cities to participate in the 2020 cycle.

PROGRAM REFINEMENTS

1. Longer Contracting Options

In 2019, several cities implementing collaborative or longer-duration projects had difficulty finishing projects in the typical 8-month period (March to October). To make the program more flexible, staff is seeking Commission support to allow cities longer contracting options. Longer contracting options will help cities executing new multi-city collaborative partnerships like the 5-city Kent Valley real estate marketing project. Flexible contracting options, beyond the typical 8-months, will also help cities that are implementing fourth quarter projects like Renton's downtown winter shopping events or cities doing longer-duration projects like the Kent-Pacific Intermodal Trail Study.

2. Additional Technical Assistance

Many smaller cities in King County do not have dedicated economic development staff. Smaller cities with fewer staff may need help identifying and managing economic development projects that are a good fit for their community. Port staff have and will continue to offer technical assistance to help cities, especially smaller cities, manage and deliver effective economic development projects.

3. Additional Outreach and Engagement

Quarterly meetings and more engagement with cities on economic development topics will be a main part of the program. The Port hosted four quarterly roundtable events with cities on different economic development topics in 2019 including a "Panel Discussion on Business Resources" with the U.S. Small Business Administration and "Tools for Economic Development"

with the Seattle Metropolitan Chamber of Commerce OutREACH program. In 2020, staff will continue hosting quarterly roundtables on economic development topics and continue to engage with cities across King County.

CITY PROJECT SUMMARIES

Regional Partnerships

Bellevue, Redmond, and Kirkland

- The Innovation Triangle updated business district market snapshots for 3 Bellevue, 2 Kirkland, and 2 Redmond locations on their website.
- Innovationtriangle.org showed “[921] users are viewing significantly more [content]” (7,900 pageviews or a 9.9% increase from October 2018 to 2019) and the search engine optimization (SEO) work is yielding a higher ranking in Google and other search engines (500 sessions from organic search).
- Represented the Innovation Triangle at SelectUSA 2019 (met with 35 businesses), D.I.C.E. (19 meetings), New Space (10 new contacts), Space Foundation Space Symposium, Embassy of India Business Reception, London & Partners International Business Reception, and briefing with a delegation from Nagoya, Japan.
- Added a business retention component and worked with two technology companies, 1 automotive retailer, and 1 arts organization identified as at-risk of leaving the region.

Issaquah, Kirkland, Redmond, and Renton (Bellevue participated using separate funds)

- As part of Startup425, a partnership with Bellevue, Issaquah, Kirkland, Redmond, and Renton, the partnership:
 - Offered a Foundation Learning Series composed of 2-hour classes covering different business topics in King County Libraries taught by SCORE volunteers.
 - 370 attendees, 51% of attendees self-identified as non-white and 54% identified as women, and 43% of respondents reported being age 44 or younger.
 - 79% of respondents found the workshop content to be “very” or “extremely helpful.”
 - Offered a 12-hour Small Business Essentials advanced workshop series covering business planning, finance, and marketing.
 - 25 attendees, 45% of attendees self-identified as non-white, 61% identified as women, 46% of respondents reported being age 44 or younger.
 - 100% of respondents found the workshop to be “very” or “extremely helpful.”
 - Co-organized the “Women in Business Conference” (150 attendees) where the Port of Seattle spoke about Diversity in Contracting opportunities.

- Participated in the Bellevue Tech Expo, Eastside Regional Business Summit, BizDirectory Community Expo, “We’re in Business” Empowering Latino Small Businesses & Entrepreneurs, and Investor Sharks Northwest.
- Startup425.org had 3,765 users and 5,218 sessions from October 2018 to 2019.
- One-on-one technical support referrals were made to SCORE Mentors and the SBDC Eastside Technology Advisory.
- In a new 5-year strategic plan, the partnership plans to enrich the curriculum with tiered tracks (100, 200, and 300 series); investigate creating a collaborative workspace to offer training; grow the number of SCORE mentors; and expand activities to include job fairs, pitch sessions, and hackathons. According to the plan, “[a]t its core, [the plan] reiterates the most important gap to be addressed for Eastside businesses is the same as the 2018 UW Bothell Livable Cities Report finding; that the most important predictor of business success is the availability of business education.”

Duvall and Snoqualmie

- The “Savor Snoqualmie Valley” tourism promotion initiative, coordinated by the Mountains to Sound Greenway Trust in partnership with the business community, facilitated tourism marketing activities for participating cities in the Snoqualmie Valley to cooperatively encourage tourism and outdoor recreation in the region. See results under Individual City Projects.

Kent, Tukwila, and Pacific (Renton and Auburn participated using separate funds)

- Created the KentValleyWa.com website, with real-time property and demographic data, to market the Kent Valley as a real estate sub-market.
- Increasing the visibility of the Kent Valley using regional and national media and defining the Kent Valley as a center of aerospace innovation and high-tech manufacturing.

Kent and Pacific

- The “Interurban Trail Intermodal Opportunity Study” will identify new Kent-Pacific area trail connections, trail improvements, and connections to other transit options. The study looks to expand multi-modal transportation networks and improve transportation choices in the industrialized areas of South King County. The study will be completed in early 2020.

Individual City Projects

Auburn - \$65,000

- Buy Local Auburn is connecting citizens to digital content about how local spending contributes to improvements in local services like roads through local taxes. Early results show stories have generated 2,000 views.

- The Auburn Innovation Partnership Zone Business Incubator doubled the number of participating businesses to 20 members and graduated 1 women-owned business. The incubator offers in-person and virtual business support classes.

Bellevue - \$49,253

- The Bellwether Arts Festival marketing generated 1,200 event visitors, 4,600 website visits, paid advertisements in 4+ regional publications, and earned media in 3+ regional publications.
- The Bellevue Grand Connection summer pilot, a pedestrian street activation along a growing commercial corridor, saw strong positive responses in survey data. Additionally, the pilot maintenance was “straight forward” resulting in more “confidence” for future public and private sector investments.
- Participated in the Innovation Triangle using Port funds and Startup425 using other funds. See results under the Regional Partnerships section.

Bothell - \$18,000

- Completed a feasibility study and market analysis of a small piece of the former Wayne Golf Course indicating market demand for a stand-alone destination, boutique hotel with meeting space and distillery or brewery component to complement outdoor recreation on the Snohomish River Trail.

Burien - \$36,575 (1 of 8 cities finishing projects)

- Hosted Opportunity Zone workshops connecting 15 property owners and 25 investors. Two properties are under contract for redevelopment due to the workshops.
- 20+ businesses attended English and Spanish language small business workshops.
- Hosted 15 area hotel concierges at 6 Burien restaurants to increase dining referrals to hotel guests. Prior to engagement, 50% of concierges said they had never recommended dining options in Burien.
- Organizing winter events and pop-up retail to promote shopping and commerce in downtown Burien.

Covington - \$7,250

- The Green River College Small Business Development Center advised 10 Covington based businesses and hosted 4 workshops on “starting a business” and “digital marketing fundamentals.”

Des Moines - \$31,140 (1 of 8 cities finishing projects)

- Developing a request for qualifications (RFQ) to engage private sector investment in the Des Moines Marina redevelopment plan. The RFQ process has “generated significant developer interest” according to the city.

- The RFQ will seek private investment to develop the Des Moines Marina Steps incorporating an environmentally-based water feature to enhance water quality discharge into Puget Sound, mixed-use retail or office spaces, a maker-space, and a hotel. “The design approach [for the Marina Steps] will increase connectivity between the downtown and the waterfront through sustainable design and improvements to create a welcoming and lively destination...within the community.”

Duvall - \$7,655

- As part of Savor Snoqualmie Valley, the Mountains to Sound Greenway Trust designed and distributed 10,000 2019 event guides, printed 5,000 arts and culture maps, and printed 15,000 local food and farm brochures. Digital versions of the materials received 90,000 views.

Federal Way - \$58,564

- Created the “Discover Downtown Federal Way” opportunity website and report - a three-part report that examined the business and redevelopment opportunities in Downtown Federal Way. The report was promoted by the city’s use of direct mail and digital campaign.
- Marketed the 35th Korean-American National Sports Festival. 10,000 visitors attended, including about 5,000 athletes from around the nation that utilized Sea-Tac International Airport. The estimated economic impact for the region was \$10 million.
- Hosted nearly 50 representatives from foreign countries at the Foreign Consulate Forum Tour and Lunch in Federal Way exploring international trade and business development topics. Executive Director Metruck spoke at the event.

Issaquah - \$34,992

- Offered marketing support to grow the Issaquah Sports Medicine Combine event and highlight the Issaquah Sports Medicine Innovation Partnership Zone. Funding was also used to update the city’s economic development webpage.
- Supported the Issaquah Chamber of Commerce Regional Business Summit (110 attendees) covering topics like workforce training, cybersecurity, and transportation and Chamber University (33 attendees).
- Hosted “Cultural Conversations” (20 attendees), a workshop series supporting immigrant workers and their spouses as they enter the United States workforce.
- Participated in the Startup425 regional partnership. See results under the Regional Partnerships section.

Kenmore - \$22,920

- The Kenmore Business Acceleration Training class worked with 16 businesses (average revenue of \$537,700 per business) in 2019 and has trained a total of 54 businesses since 2016.

- A 2-person, civil engineering company that participated in a previous year now employees 20 people with an annual revenue of \$2.3 million.
- Updated professional photos for the City website and economic development materials.
- Hired a consultant to evaluate potential incentives and strategies to promote commercial office development.

Kent - \$65,000 (1 of 8 cities finishing projects)

- Conducted a regional employment analysis as part of the “Rally the Valley” long-range planning study. The analysis is being used to develop and advance land use and economic development policies for city council consideration.
- Leading the “Interurban Trail Intermodal Opportunity Study” and the Kent Valley marketing, media positioning, and website project. See results under the Regional Partnerships.

Kirkland - \$65,000 (1 of 8 cities finishing projects)

- Led the research and drafting of a new 5-year strategic plan for Startup 425.
- Participated in the Startup425 and the Innovation Triangle regional partnerships. See results under the Regional Partnerships section.

Maple Valley - \$25,280

- The Green River College Small Business Development Center advised 20 companies in Maple Valley.
- Added a streamlined business portal and real-time economic development data to the city’s website.
- Hosted a site selection tour of developable sites for the FAIBCI Seattle Chapter and advertised tourism and business opportunities in regional publications.

Normandy Park - \$5,706

- Developed a hotel feasibility study and market collateral. The study showed demand for “boutique, longer-stay style accommodation” complemented by Normandy Park’s location.

North Bend - \$6,000

- Created city economic development marketing materials and parcel-specific marketing materials targeted at attracting niche companies that enhance the livability and outdoor recreation potential of North Bend.

Pacific - \$6,875 (1 of 8 cities finishing projects)

- Participated in the Interurban Trail Intermodal Opportunity Study and the Kent Valley marketing, media positioning, and website project.

Redmond - \$64,000

- To help address the businesses impacted by Link Light Rail Development, the city hosted 5 business community events (684 attendees) and outreached to 200+ small businesses impacted by future Light Rail development. Businesses were offered technical assistance services like planning assistance.
- Created a digital “Change the World from Redmond” story map showing developable sites in Redmond.
- Participated in the Startup425 and the Innovation Triangle regional partnerships. See results under the Regional Partnerships section.

Renton - \$65,000 (1 of 8 cities finishing projects)

- Continuing a multi-year retail business attraction campaign, the city secured 65 retail/restaurant prospects and is selecting sites for 4 prospects.
- Conducted a food incubator feasibility study focused on providing tools to help residents who are disadvantaged, unemployed, or underemployed develop skills that move them toward economic self-sufficiency. The city is currently looking at different models to finance the Renton Food Service Center.
- Held multiple events contributing to increased visitation and commerce in downtown Renton including a new concert series, rooftop dragon art-installation/ scavenger hunt (1,000 attendees), “Summerfest” summer block party, Wine Walks (1,236 tickets sold), Small Business Saturday celebration, and winter downtown shopping events.
- A mobile application highlighting downtown Renton will roll out at the holiday event and will include a digital holiday shopping guide, public art, history walking tours, and a guide to dining and entertainment to keep visitors coming back to downtown Renton.
- A small façade grants program supported the creation of a pilot “parklet” project in Downtown Renton, resulted in improved storefront signage and window displays in three businesses and will result in the construction of a street café on a busy corner in the heart of the city.
- Small Business support:
 - The Startup425 Renton class enrollment significantly grew over 2018 with the majority of Renton attendees self-identifying as minority- or women-owned businesses. Wyldwood Creative, an independent women-owned creative studio who attended the Spring 2018 Startup425, celebrated the grand opening of her fabric store and creative studio space in downtown Renton on November 10. See more Startup425 results under the Regional Partnerships section.
 - Hosted a “We’re in Business” Spanish language entrepreneurship expo featuring panel discussions, a practice pitch competition, and vendor hall connected Latino entrepreneurs to small business service providers and nonprofits (65 attendees).
 - Hosted the “Creating Stellar Storefronts” seminar (26 business owners) and offered ongoing one-on-one merchandising/storefront coaching (6 businesses),

launched a regular Downtown Business Forum, and offered on-going e-commerce and retail trends business coaching.

SeaTac - \$29,130

- Expanded the “Business Synergy” supply chain mapping and local buyer-seller match-making program by visiting 200 businesses in new industries like hospitality and tourism, aerospace, and logistics. Specific recommendations from businesses have led to better communication of future city capital construction that may impact businesses.
- The city expanded stakeholder engagement for businesses and property owners within the City's Central Airport Business Services District.

Shoreline - \$55,000

- The Shoreline Place Farmer’s Market reported an increase of 9,000 visitors in 2019 (24,000 total), a 15% increase in self-reported vendor sales, a 9% increase in vendor fees, and a 4.7% increase in EBT/ SNAP Fresh Bucks spending. The grant supported marketing and live activities at the market.
- The Northwest Filmmaking Accelerator positioned area short-film makers in a high-visibility Hollywood short-film festival. The Mayor of Shoreline also spoke at the event promoting the city as a film destination.
- The city is organizing and inventorying music industry and night-life assets to grow and promote a local music and tourism scene. The city is planning to create a stakeholder group to advise on industry development.

Snoqualmie - \$13,000 (1 of 8 cities finishing projects)

- Converted the digital Historic Snoqualmie Walking Tour into displays for downtown kiosks. Created reusable heritage display boards highlighting attractions to encourage event visitors to explore other Snoqualmie Valley attractions.
- Grew and supported the Savor Snoqualmie Valley social media channels and website.
- Updated and printed the Snoqualmie Valley Trail Brochure and the Arts and Culture Map.

Tukwila - \$19,800 (1 of 8 cities finishing project)

- Created an economic conditions report, which included robust business outreach and engagement, for the City Council. The report will help inform the creation of a new economic development plan in 2020.
- Participated in the Kent Valley marketing, media positioning, and website project. See results under the Regional Partnerships section.

Woodinville - \$11,830

- The initial adult beverage incubator study was broadened to explore the adult beverage industry challenges. The final study explores 2 projects: a Visitor Hub that will act as “a gateway to the region” offering programming for tourists and exploring the development

of an industry cooperative to expand the distribution of beverages by the area's small producers.

Awarded funds expended are calculated based on the final project reports provided by participating cities. The grant award amount is used when calculating total expended funds for some projects that are still being completed.

2020 ECONOMIC DEVELOPMENT PARTNERSHIP GRANT TIMELINE

Port staff is starting to implement the 2020 Economic Development Partnership program. The Port is meeting with participating cities on December 12, 2019, to kick off the 2020 program funding cycle. After the meeting, the Port will make the program application for funds available to cities until the application deadline of February 27, 2020. As participating cities finalize their work plans, the associated contracts will be approved by the Port. Staff is working to encourage all cities to participate in the 2020 cycle.

FINANCIAL IMPLICATIONS

Annual Budget Status and Source of Funds

The Port of Seattle Economic Development Partnership program is an initiative that will cost approximately \$965,000 to implement in 2020. The Port property tax levy will be used to support the 2020 grant program.

Future Revenues and Expenses (Total cost of ownership)

The program is anticipated to operate annually. It will likely cost between \$700,000 and \$1,000,000 per year unless the Port of Seattle Commission changes or eliminates the program.

ATTACHMENTS TO THIS REQUEST

- (1) 2019 Economic Development Partnership Program PowerPoint Presentation
- (2) "Growing the Regional Economy" Story Map of 2019 Projects (bit.ly/economic-development-2019)

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

July 23, 2019 – Commission briefing on the 2019 Economic Development Partnership program.

January 8, 2019 – The Commission authorized the Executive Director to execute contracts supporting the 2019 Port of Seattle Economic Development Partnership Program in an amount not to exceed \$960,000.

December 11, 2018 – Presentation to the Commission on the results of the 2017-2018 Economic Development Partnership Program and the findings of a draft program evaluation report completed by Community Attributes Inc.

June 12, 2018 – The Commission approved a specific city grant contract with the city of Enumclaw.