

Office of Economic Development

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Department Description

The mission of the Office of Economic Development (OED) is to help create a vibrant economy by promoting access to economic opportunities for all of Seattle's diverse communities. OED supports economic development that is financially, environmentally, and socially sustainable. The core services OED provides capitalize on Seattle's established economic activity, particularly in the areas of manufacturing and maritime industries, film and music, healthcare, and clean technology. To accomplish this mission, the Office delivers services designed to:

- Support the establishment of new businesses, retention and growth of existing businesses, and attraction of new businesses;
- Increase the number of low-income adults who obtain the skills necessary to meet industry's needs for qualified workers; and
- Advance policies, practices, and partnerships that lead to sustainable economic growth with shared prosperity.

Policy and Program Changes

In 2009, OED engaged in a strategic planning review of the services provided by the Office in relation to other City departments and local economic development entities. As a result of this process, the Office was restructured in the 2010 Adopted Budget. The 2011 Adopted and 2012 Endorsed Budget continues to reflect the new operating structure and strategic planning agenda. In 2011-2012, the Office will focus on a number of important policy initiatives to accomplish these outcomes, including the active retention of Seattle businesses; distribution of \$70 million in business financing; realignment of work force investments to increase the number of low-income, low-skilled Seattle residents who obtain a degree or credential beyond high school to meet industry's needs for qualified workers; and execution of the Mayor's Seattle Jobs Plan released in 2010.

In developing the 2011 Adopted and 2012 Endorsed Budget, the City of Seattle was facing a \$67 million shortfall. The 2011 Adopted and 2012 Endorsed Budget includes reductions for all General Fund-dependent functions. In identifying reductions, OED focused on strategies that would realize reductions while prioritizing work force development programs that provide education and training for low-income job-seekers that lead to good-paying jobs in demand by employers. In addition, OED has identified ways in which current programs can be restructured to be more cost effective and outcome oriented.

Program Expense Reductions:

The budget identifies savings to the General Fund by reducing program expenses in a number of areas. OED proposes creating 'Only in Seattle', a new Neighborhood Business Revitalization program by combining the elements of the existing Neighborhood Business District (NBD), Commercial District Revitalization (CDR), and Farmers Market Alliance (FMA) programs. Only in Seattle will be funded at \$150,000 less than the combined 2010 level of General Fund support in order to realize savings. However, this reduction will be mitigated by providing an integrated approach that will leverage partnerships between neighborhood business associations and

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neighborhood businesses. The new focus formally adopts the structure of the current CDR program as the framework for all OED investments in neighborhood commercial districts. This framework emphasizes and funds strategies for marketing and promotion of neighborhood commercial districts, diversifying the current mix of businesses, maintaining a clean and safe environment, improving physical attractiveness, and building the organizational capacity of the community to execute neighborhood-based economic development strategies. OED has engaged neighborhood business district leaders to identify the best timing and approach for transitioning from the current structure to the new framework. Part of this engagement included collaboration with neighborhood business leaders to set specific targets for improving commercial districts and to align shared investments and efforts to achieve those targets.

The 2011 Adopted and 2012 Endorsed Budget mitigates the impact to work force development activities to the extent possible. However, to address the General Fund shortfall, the budget reduces funding for work force investment activities by approximately \$253,000. This reduces funding available to OED's work force development contracts with PortJobs, Worker's Center, and the Seattle Jobs Initiative (SJI). It is anticipated that this change will not result in a significant change to the outcomes related to these work force development contracts. OED will continue to collaborate with community-based organizations, community colleges, and employers to improve the results of their collective investments in education, training, and career advancement of low-skilled adults.

The Mayor's Small Business Award program is also restructured to assist with balancing the General Fund, and will continue to recognize small businesses using existing events and staff resources. In an effort to be more efficient with their funding, OED creates a dynamic, year-long program to recognize Seattle's businesses through a variety of methods, including featuring businesses as part of their monthly networking event, "Business Casual." This approach will require no General Subfund operating support above the allocation of staff time.

The 2011 Adopted and 2012 Endorsed Budget reduces funding to the Seattle Convention and Visitors Bureau (SCVB) to assist with balancing the General Fund. The reduction is taken in order to preserve higher priority investments in work force development as described above. In addition, the budget maintains the approach taken in the 2010 Adopted Budget and does not provide inflationary adjustments to any professional service contracts within the OED budget.

The budget also seeks to create efficiencies between the Office of Sustainability and Environment (OSE) and OED by consolidating the Seattle Climate Partnership program within OED. This budget transfers in one position to OED to add capacity to OED's ability to support Seattle businesses. Specifically, the position will help deliver environmental technical assistance and energy efficiency incentive programs for targeted business, such as independent grocery stores and restaurants, in low-income neighborhoods.

Internal/Administrative Efficiencies:

The 2011 Adopted and 2012 Endorsed Budget identifies operational efficiencies to discretionary spending, including reducing expenditures for communications, organizational development, copying, and computer hardware replacement. Savings are also realized through the elimination of inflationary increases for contracted services, and reclassification of a senior-level position to an administrative support position. To further realize administrative savings, all non-represented staff members in OED will take a seven-day furlough and no market rate salary adjustment is provided for OED staff that are non-represented employees in the City's discretionary pay plans.

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Revenue Changes:

The 2011 Adopted and 2012 Endorsed Budget makes changes to respond to new revenues to the City that will be administered by OED. The Budget recognizes New Markets Tax Credit (NMTC) fees as revenues to the General

Fund that will support expenses associated with managing the NMTC program. This adjustment recognizes new resources to the General Fund, but does not change the overall appropriation authority in OED's budget. The Budget also adds one term-limited position in OED to support a \$1.4 million grant the City received from Public Health - Seattle & King County outside of the budget process in 2010. The grant is part of a two-year \$25.5 million federal stimulus grant that Public Health received to address obesity and tobacco use. OED will use this grant to develop and implement the "Business Incentive Program to Improve Access to Healthy Food" which will increase healthy food options in targeted low-income Seattle communities.

Technical Change:

As part of a technical adjustment, the 2011 Adopted and 2012 Endorsed Budget restores \$624,000 in funding for workforce development investments in 2011 to support workforce education, training, and career advancement as intended through prior budget actions. This additional funding maintains workforce development investments and outcomes at a level in 2011 that is generally consistent with 2010 funding levels.

City Council Provisos

There are no Council provisos.

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	Summit Code	2009 Actual	2010 Adopted	2011 Adopted	2012 Endorsed
Appropriations					
CDBG - Office of Economic Development Budget Control Level					
Community Development		3,509,402	5,003,675	5,003,675	5,003,675
CDBG - Office of Economic Development Budget Control Level	6XD10	3,509,402	5,003,675	5,003,675	5,003,675
Office of Economic Development Budget Control Level					
Business Development		1,478,563	0	0	0
Business Services		0	4,902,051	5,102,316	4,603,112
Community Development		1,124,856	0	0	0
Economic Development Leadership		0	568,769	576,385	593,469
Finance and Operations		1,144,730	707,937	660,119	678,587
Work Force Development		2,963,002	0	0	0
Office of Economic Development Budget Control Level	X1D00	6,711,151	6,178,757	6,338,820	5,875,168
Department Total		10,220,552	11,182,432	11,342,495	10,878,843
Department Full-time Equivalents Total*		20.00	20.00	22.00	22.00
<i>* FTE totals are provided for informational purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.</i>					
Resources					
General Subfund		6,711,151	6,178,757	6,338,820	5,875,168
Other		3,509,402	5,003,675	5,003,675	5,003,675
Department Total		10,220,552	11,182,432	11,342,495	10,878,843

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CDBG - Office of Economic Development Budget Control Level

Purpose Statement

The purpose of the Community Development Block Grant (CDBG) - Office of Economic Development Budget Control Level is to help create and maintain healthy businesses, thriving neighborhoods, and community organizations to contribute to a robust economy that will benefit all Seattle residents and future generations. The federal CDBG program provides a major source of funding for community development programs affecting Seattle's low- and moderate-income households and neighborhoods. The City of Seattle makes these investments so all families and individuals can meet their basic needs, share in economic prosperity, and participate in building a safe, healthy, educated, just, and caring community. Policies and priorities for distributing CDBG funds to community-based organizations are set out in the City's 2009-2012 Consolidated Plan for Housing and Community Development, which is coordinated by the Human Services Department.

Summary

The 2011-2012 Budget estimates the amount of CDBG dollars the City anticipates to be available, anticipates appropriations of these funds, and makes specific CDBG proposals for certain City programs in the Human Services Department, Office of Economic Development, and Office of Housing. Final CDBG program allocations are subject to the appropriation levels set by the U.S. Congress and implemented by HUD.

There are no substantive changes from the 2010 Adopted Budget to the 2011 Adopted Budget.

Expenditures

	Actual	Adopted	Adopted	Endorsed
Community Development	3,509,402	5,003,675	5,003,675	5,003,675

Economic Development

Office of Economic Development Budget Control Level

Purpose Statement

The purpose of the Office of Economic Development Budget Control Level is to provide vital services to individual businesses and economic development leadership to support a strong local economy, thriving neighborhood business districts, and broadly-shared prosperity.

Program Expenditures

	2009 Actual	2010 Adopted	2011 Adopted	2012 Endorsed
Business Development	1,478,563	0	0	0
Business Services	0	4,902,051	5,102,316	4,603,112
Community Development	1,124,856	0	0	0
Economic Development Leadership	0	568,769	576,385	593,469
Finance and Operations	1,144,730	707,937	660,119	678,587
Work Force Development	2,963,002	0	0	0
Total	6,711,151	6,178,757	6,338,820	5,875,168
Full-time Equivalents Total *	20.00	20.00	22.00	22.00

**FTE totals are provided for informational purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.*

Office of Economic Development: Business Development

Purpose Statement

The purpose of the Business Development Program is to develop, manage, and support initiatives building on Seattle's economic foundations to maintain Seattle's competitiveness, promote business growth, and connect residents to good jobs. Business development activities are focused on the creation and implementation of strategies to promote growth in Seattle's key industry sectors and to support the development and sustainability of the City's small businesses. The Business Development Program works closely with industry leaders and other City departments to maintain Seattle's positive business climate, to encourage growth of a diverse and vibrant local economy, and to help businesses understand and navigate processes, regulations, and policies.

Program Summary

As part of the 2010 Adopted Budget, a departmental reorganization resulted in the transfer of all funding and positions from the Business Development program to other programs within OED. As a result, there are no resources allocated in the 2011 Adopted and 2012 Endorsed Budget for this program.

	2009 Actual	2010 Adopted	2011 Adopted	2012 Endorsed
Expenditures				
Business Development	1,478,563	0	0	0

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Office of Economic Development: Business Services

Purpose Statement

The purpose of the Business Services Program is to provide direct services to businesses and to support a healthy business environment that empowers businesses to develop, grow and succeed. The three key service areas include providing assistance navigating government services, facilitating access to capital and building management expertise, and investing in workforce development services focused on building skills that benefit individual job-seekers and support employers in key industry sectors.

Program Summary

Reduce budget by \$150,000 and integrate OED's existing Neighborhood Business District (NBD) and Commercial District Revitalization programs into a new program called 'Only in Seattle'. The integrated approach will leverage partnerships between neighborhood business associations and neighborhood businesses, and enable the City to invest more resources over several years in targeted neighborhood business districts.

Transfer in \$150,000 and 1.0 FTE Strategic Advisor 2, General Government position from the Office of Sustainability and Environment to OED. This shift represents the consolidation of the Seattle Climate Partnership program within OED, and enhances OED's ability to provide technical assistance to Seattle businesses.

Reduce budget by \$177,000 in funding to the Seattle Convention & Visitors Bureau. This reduction maintains \$50,000 in OED to support Seattle tourism.

Reduce budget by \$64,000 to reflect the elimination of inflationary increases for all contracted services in OED.

Reduce budget by \$48,000 and reallocate 1.0 Executive 2 position to a 1.0 FTE Administrative Staff Assistant position. This change realigns the position title with the current responsibilities of the position, and results in no FTE change.

Reduce budget by \$28,000 in recognition of a seven-day furlough that non-represented OED staff members will take in 2011. This furlough is in addition to the salary freeze for employees in the Strategic Advisor, Manager, Executive, and non-represented IT Professional classifications.

The Mayor and the Council worked with the Coalition of City Labor Unions to identify mechanisms for reducing labor costs in the face of the City's strained financial situation. As a result of ratified agreements with represented employees and commensurate savings for non-represented positions in 'step-in-grade' classifications, this program will achieve \$6,000 in savings.

Increase budget by approximately \$28,000 as part of a set of internal transfers throughout the Office, which net to zero. The purpose of this redistribution is to reflect a more accurate application of budgeted expenditures by program.

Increase workforce development funding by \$371,000. This change is the net result of increasing the budget by \$624,000 in one-time funding in 2011 to correct an accounting error from a previous year, and reducing the overall workforce development budget by \$253,000 to assist in balancing the General Fund.

As a result of the City receiving a \$1.4 million grant from Public Health - Seattle & King County accepted through legislation outside of the budget process, add a 1.0 FTE Community Development Specialist position. This position is term-limited and will sunset upon conclusion of the grant.

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Citywide adjustments to labor and other operating costs increase the budget by \$124,000 for a net increase from the 2010 Adopted Budget to the 2011 Adopted Budget of approximately \$200,000.

	2009	2010	2011	2012
Expenditures/FTE	Actual	Adopted	Adopted	Endorsed
Business Services	0	4,902,051	5,102,316	4,603,112
Full-time Equivalents Total*	13.00	13.00	15.00	15.00

** FTE totals are provided for informational purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.*

Office of Economic Development: Community Development

Purpose Statement

The purpose of the Community Development Program is to provide operating, grant, loan, and project management support to neighborhood business districts and community-based development organizations, as well as to special projects, so Seattle has thriving neighborhoods and broadly shared prosperity.

Program Summary

As part of the 2010 Adopted Budget, a departmental reorganization transferred all funding and positions from the Community Development program to other programs within OED. As a result, there are no resources allocated in the 2011 Adopted and 2012 Endorsed Budget for this program.

	2009	2010	2011	2012
Expenditures	Actual	Adopted	Adopted	Endorsed
Community Development	1,124,856	0	0	0

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Office of Economic Development: Economic Development Leadership Purpose Statement

The purpose of the Economic Development Leadership Program is to play a leadership role in the creation of the City of Seattle's economic agenda through analysis of timely opportunities and development of targeted areas of focus for OED and relevant City and community partners. This program supports OED in serving as the convener of a broad range of the business community, reflecting the knowledge and networks needed to make informed decisions on economic policies and strengthen alignment of city, regional, state, and federal economic development activities.

Program Summary

Reduce budget by \$10,000 in recognition of a seven-day furlough that non-represented OED staff members will take in 2011. This furlough is in addition to the salary freeze for employees in the Strategic Advisor, Manager, Executive, and non-represented IT Professional classifications.

Reduce budget by approximately \$20,000 as part of a set of internal transfers throughout the Office, which net to zero. The purpose of this redistribution is to reflect a more accurate application of budgeted expenditures by program.

Citywide adjustments to labor and other operating costs increase the budget by approximately \$38,000, for a net increase from the 2010 Adopted Budget to the 2011 Adopted Budget of approximately \$8,000.

	2009	2010	2011	2012
Expenditures/FTE	Actual	Adopted	Adopted	Endorsed
Economic Development Leadership	0	568,769	576,385	593,469
Full-time Equivalents Total*	4.00	4.00	4.00	4.00

** FTE totals are provided for informational purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.*

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Office of Economic Development: Finance and Operations

Purpose Statement

The purpose of the Finance and Operations Program is to provide leadership and financial, administrative, and human resources to effectively accomplish OED's mission and goals. This program was restructured in the 2010 Adopted Budget from the Management and Operations Program to the Finance and Operations Program.

Program Summary

Reduce budget by \$16,000 to reflect reductions in expenditures for communications activities, staff and organizational development, copying, and computer hardware replacement.

Reduce budget by \$10,000 as part of redefining the delivery of the Mayor's Small Business Awards Program.

Reduce budget by approximately \$8,000 as part of a set of internal transfers throughout the Office, which net to zero. The purpose of this redistribution is to reflect a more accurate application of budgeted expenditures by program.

Reduce budget by approximately \$2,000 in recognition of a seven-day furlough that non-represented OED staff members will take in 2011. This furlough is in addition to the salary freeze for employees in the Strategic Advisor, Manager, Executive, and non-represented IT Professional classifications.

Citywide adjustments to labor and other operating costs decrease the budget by \$12,000 for a net decrease from the 2010 Adopted Budget to the 2011 Adopted Budget of approximately \$48,000.

Expenditures/FTE	2009 Actual	2010 Adopted	2011 Adopted	2012 Endorsed
Finance and Operations	1,144,730	707,937	660,119	678,587
Full-time Equivalents Total*	3.00	3.00	3.00	3.00

** FTE totals are provided for informational purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.*

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Office of Economic Development: Work Force Development

Purpose Statement

The purpose of the Work Force Development Program is to provide work force development services to businesses, community organizations, residents, the Mayor, the City Council, and other public decision makers, so employers meet their need for qualified workers, and all residents, particularly those who are disadvantaged, secure and retain family-wage jobs. The work of this program remains a priority for the Office, however, OED believes that better services will be provided to businesses and job seekers in Seattle if it is aligned within the goals of the Business Services program.

Program Summary

As part of the 2010 Adopted Budget, a departmental reorganization transferred all funding and positions from the Work Force Development program to other programs within OED. As a result, there are no resources allocated in the 2011 Adopted and 2012 Endorsed Budget for this program.

	2009	2010	2011	2012
Expenditures	Actual	Adopted	Adopted	Endorsed
Work Force Development	2,963,002	0	0	0

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2011 - 2012 Estimated Revenues for the Community Development Block Grant Fund

Summit Code	Source	2009 Actuals	2010 Adopted	2010 Revised	2011 Adopted	2012 Endorsed
431010	Federal Grant and Other Income	3,509,402	5,003,675	5,003,675	5,003,675	5,003,675
Total Revenues		3,509,402	5,003,675	5,003,675	5,003,675	5,003,675