

# Office of Economic Development

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## Department Overview

The Office of Economic Development (OED) helps create a sustainable economy with broadly shared prosperity. OED supports a healthy business environment and empowers companies to grow and compete. OED provides core services that capitalize on Seattle's economic strengths, particularly in the areas of manufacturing and maritime industries, film and music, health care, life sciences, 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 businesses to Seattle;
- 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.

In addition to these services, OED manages a number of financing programs to increase access to capital for projects from micro-loans to major capital lending. Among these financing tools are two federal programs: New Markets Tax Credits (NMTC) and HUD Section 108. NMTC leverages private investment in low-income communities through federal tax incentives. HUD Section 108 loans provide financing for economic development and housing projects in low- and middle-income neighborhoods. Through these programs, the department manages a \$51 million allocation of NMTCs and \$27.5 million in HUD Section 108 funds that leverage low-cost financing for business and real estate projects in economically distressed areas.

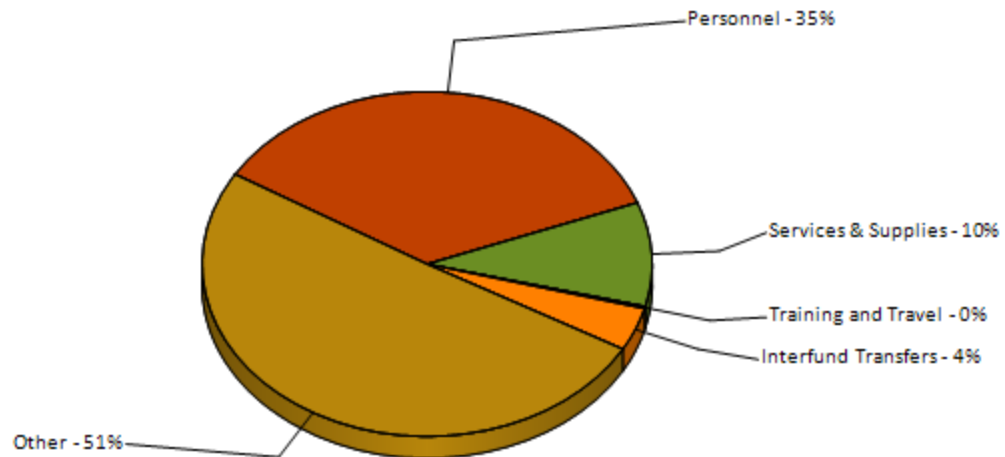
## Budget Snapshot

Department Support	2012 Actuals	2013 Adopted	2014 Endorsed	2014 Proposed
General Fund Support	\$6,668,414	\$6,249,877	\$6,230,050	\$7,138,982
Other Funding - Operating	\$5,892,164	\$3,133,675	\$1,208,675	\$1,528,675
<b>Total Operations</b>	<b>\$12,560,578</b>	<b>\$9,383,552</b>	<b>\$7,438,725</b>	<b>\$8,667,657</b>
<b>Total Appropriations</b>	<b>\$12,560,578</b>	<b>\$9,383,552</b>	<b>\$7,438,725</b>	<b>\$8,667,657</b>
Full-time Equivalent Total*	24.00	22.50	22.50	24.50

\* FTE totals are provided for information 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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## 2014 Proposed Budget - Expenditure by Category



### Budget Overview

The 2014 Proposed Budget for the Office of Economic Development (OED) enhances the City's commitment to support and grow small businesses in all parts of the city and to provide employment training to targeted communities. The 2014 Proposed Budget continues the work of the Startup Initiative to support Seattle's vibrant technology startup sector and expose underserved high school youth to high-tech skills and opportunities. The 2014 Proposed Budget also makes investments to enhance economic development efforts in the Chinatown/International District and Little Saigon neighborhoods.

#### Startup Seattle

Seattle has significant assets that make the region a destination for technology companies. Globally recognized industry icons are headquartered in our community and have spun off hundreds of new businesses while established firms continue to expand. However, competition from other regions remains fierce. To remain competitive, the City and the technology community need to make investments that keep Seattle among the top global destinations for talented entrepreneurs to establish and grow new enterprises.

In May 2013, the Mayor launched **Startup Seattle** to support early-stage technology companies. The initiative's goals are to expand the number of startups in Seattle and firmly establish Seattle as an internationally recognized home for emerging technology companies. The 2014 Proposed Budget provides on-going funding to support the City commitment to growing Seattle's high-tech startup sector.

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## Chinatown/International District and Little Saigon Business District Support

The Chinatown/International District and Little Saigon neighborhoods are among Seattle's oldest neighborhoods. OED is committed to ensuring shared prosperity in each Seattle neighborhood and has tailored a unique proposal to support the Chinatown/International District and Little Saigon neighborhoods in the 2014 Proposed Budget.

During the past few years, both neighborhoods worked to support local small businesses and bring in new customers. OED will use a combination of City and federal funds to provide technical assistance and make physical improvements to improve the business climate in both neighborhoods.

## Only In Seattle Program Changes

OED's **Only in Seattle** (OIS) program supports neighborhood business districts by promoting a healthy business environment for business organizations and neighborhood business districts. Business districts benefit most from a comprehensive approach, including work in the following strategy areas: business organization, business retail and development, safety and cleanliness, marketing and promotion, and appearance and pedestrian environment.

The 2014 Proposed Budget makes two changes to the Only In Seattle (OIS) program to more efficiently use federal resources. OED currently contracts Community Development Block Grant (CDBG) funds with a separate non-profit for additional OIS program staff support. OED will bring this position in-house in 2014 to improve internal coordination and program management. The second change to the OIS program budget includes a fund swap associated with the OIS business district capital improvement program and the OIS neighborhood business district support program. This swap trades General Fund resources with CDBG funds within the OIS program, making CDBG funds easier to administer and support businesses.

## Incremental Budget Changes

### Office of Economic Development

	2014	
	Budget	FTE
<b>Total 2014 Endorsed Budget</b>	<b>\$ 7,438,725</b>	<b>22.50</b>
<b>Baseline Changes</b>		
Baseline Technical Adjustments	-\$ 1,715	0.00
<b>Proposed Changes</b>		
Chinatown/International District and Little Saigon Business District Support	\$ 875,000	0.00
Enhance Startup Sector Support	\$ 151,163	1.00
Enhance Only In Seattle Program Flexibility	\$ 250,000	0.00
CDBG -- Improve Only In Seattle Program Coordination	\$ 0	1.00
<b>Proposed Technical Changes</b>		
Eliminate Funding for Postini Spam Software	-\$ 300	0.00
Citywide Adjustments for Standard Cost Changes	-\$ 45,216	0.00

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Total Incremental Changes	\$ 1,228,932	2.00
2014 Proposed Budget	\$ 8,667,657	24.50

## Descriptions of Incremental Budget Changes

### Baseline Changes

#### **Baseline Technical Adjustments - (\$1,715)**

Technical adjustments are made to reflect changes in central cost allocations and contracts. These adjustments update initial assumptions about costs and inflators made in the first year of the biennium.

### Proposed Changes

#### **Chinatown/International District and Little Saigon Business District Support - \$875,000**

This change uses both General Fund (\$260,000) and federal Community Development Block Grant (CDBG) funds (\$320,000) to make one-time investments to enhance economic development efforts in the Chinatown/International District and Little Saigon neighborhoods.

OED's Only In Seattle Program will provide marketing, technical assistance and business recruitment in both neighborhoods and will also fund streetscape improvements to improve safety and better accommodate vehicle and pedestrian entry patterns into the neighborhoods. The Mayor has committed an additional \$800,000 (\$200,000 a year starting in 2015 and continuing through 2018) to continue economic development efforts in both neighborhoods.

OED will also partner with the Seattle Chinatown International District Preservation and Development Authority to conduct a feasibility study to evaluate the expansion of Legacy House, the only assisted living facility in Seattle focused on serving a multi-Asian clientele. Once the feasibility study is completed, the City will consider using Housing Levy funds to move the expansion forward. The 2014 Proposed Budget provides \$295,000 of General Fund resources for this comprehensive study.

#### **Enhance Startup Sector Support - \$151,163/1.00 FTE**

The Mayor launched the Startup Seattle initiative in May 2013 as a collaborative effort between the City and leaders of Seattle's technology startup community to support the growth of early-stage technology companies. The initiative grew out of feedback the Mayor received from a variety of stakeholders in 2011 and 2012, which led to the Startup Industry Roundtable in May 2012.

This budget change will allow Startup Seattle to continue to provide support to tech startup companies located in Seattle and attract new companies to the city. OED will hire a new strategic advisor 1 to serve as OED's start-up liaison. The start-up liaison will maintain [www.StartupSeattle.com](http://www.StartupSeattle.com) as the primary clearing house of information for business services.

The start-up liaison will also work with existing organizations to expand the number of technology industry outreach events targeted to high school youth in underserved communities. This work is important to develop future local talent for the startup sector and to ensure that students from all parts of Seattle are exposed to the

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benefits of working in the high-tech industry.

The initiative seeks to expand the number of high-tech startups in Seattle, and to work with industry stakeholders to firmly establish Seattle as an internationally recognized home for emerging technology companies. OED will use a variety of means to evaluate its success in meeting these goals by tracking:

- Use and value of [www.StartupSeattle.com](http://www.StartupSeattle.com) to the local startup tech sector;
- Business licensing and tax data to determine how many new startups are formed;
- Independently generated tech startup rankings of cities and economic regions; and
- Outcomes for high school youth who participate in technology industry targeted events.

## **Enhance Only In Seattle Program Flexibility - \$250,000**

The 2013 Adopted and 2014 Endorsed budgets provided \$500,000 in General Fund support to OED's ability to fund capital projects in neighborhood business districts. These funds are currently appropriated to Finance General (a separate fund within the City). This budget neutral swap:

- Replaces \$250,000 in General Fund currently appropriated within Finance General for capital projects with \$250,000 in Community Development Block Grant (CDBG) funds previously allocated to business support programs within OED; and
- Directs \$250,000 in General Fund support currently appropriated in Finance General to OED's Only In Seattle business support programs.

Federal restrictions make CDBG funds more suitable for capital projects while City General Funds are better suited for business support services. This change allows the OED to use each fund source more effectively and efficiently.

## **CDBG -- Improve Only In Seattle Program Coordination/1.00 FTE**

OED's Only In Seattle Program (OIS) is supported by two full-time City employees and uses \$95,000 in federal Community Development Block Grant (CDBG) funds to contract with a separate non-profit to provide one full-time employee dedicated to OIS efforts. This change will retain the CDBG funds to support staffing within OED and as a result will increase OIS's program management efficiency and coordination in providing technical support to business districts.

## **Proposed Technical Changes**

### **Eliminate Funding for Postini Spam Software - (\$300)**

The City has adopted Microsoft Office 365 as its new software platform, and as a result City departments no longer need to purchase separate anti-spam software.

### **Citywide Adjustments for Standard Cost Changes - (\$45,216)**

Citywide technical adjustments reflect changes due to inflation, central cost allocations, retirement, healthcare, workers' compensation, and unemployment costs. These adjustments typically reflect updates to preliminary cost assumptions established in the 2014 Endorsed Budget.

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## Appropriations By Budget Control Level (BCL) and Program

### **CDBG - Office of Economic Development Budget Control Level**

The purpose of the Community Development Block Grant (CDBG) - Office of Economic Development Budget Control Level is to provide operating, grant, loan, and project management support to neighborhood business districts and community-based development organizations, as well as for special projects, for the goal of creating thriving neighborhoods and broadly-shared prosperity.

<b>Program Expenditures</b>	<b>2012 Actuals</b>	<b>2013 Adopted</b>	<b>2014 Endorsed</b>	<b>2014 Proposed</b>
Economic Development	5,892,164	3,133,675	1,208,675	1,528,675
<b>Total</b>	<b>5,892,164</b>	<b>3,133,675</b>	<b>1,208,675</b>	<b>1,528,675</b>

### **Office of Economic Development Budget Control Level**

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.

<b>Program Expenditures</b>	<b>2012 Actuals</b>	<b>2013 Adopted</b>	<b>2014 Endorsed</b>	<b>2014 Proposed</b>
Business Services	5,389,440	4,880,399	4,837,218	5,898,752
Economic Development Leadership	688,093	634,957	653,998	514,478
Finance and Operations	590,882	734,520	738,833	725,751
<b>Total</b>	<b>6,668,414</b>	<b>6,249,877</b>	<b>6,230,050</b>	<b>7,138,982</b>
Full-time Equivalents Total*	24.00	22.50	22.50	24.50

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

***The following information summarizes the programs in Office of Economic Development Budget Control Level:***

#### **Business Services Program**

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 Business Services Program provides assistance navigating government services, facilitates access to capital and building management expertise, and invests in workforce development services focused on building skills that benefit individual job-seekers and support employers in key industry sectors.

<b>Expenditures/FTE</b>	<b>2012 Actuals</b>	<b>2013 Adopted</b>	<b>2014 Endorsed</b>	<b>2014 Proposed</b>
Business Services	5,389,440	4,880,399	4,837,218	5,898,752
Full-time Equivalents Total	16.00	16.00	16.00	19.00

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## Economic Development Leadership Program

The purpose of the Economic Development Leadership Program is to lead the creation of the City of Seattle's economic agenda. The Economic Development Leadership Program develops targeted areas of focus for OED and relevant City and community partners; convenes a broad range of the businesses in the community to make informed decisions on economic policies; and strengthens the alignment of city, regional, state, and federal economic development activities.

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014</b>
<b>Expenditures/FTE</b>	<b>Actuals</b>	<b>Adopted</b>	<b>Endorsed</b>	<b>Proposed</b>
Economic Development Leadership	688,093	634,957	653,998	514,478
Full-time Equivalents Total	5.00	5.00	5.00	4.00

## Finance and Operations Program

The purpose of the Finance and Operations Program is to provide leadership over daily office operations and financial, administrative, and human resource services to effectively accomplish OED's mission and goals.

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014</b>
<b>Expenditures/FTE</b>	<b>Actuals</b>	<b>Adopted</b>	<b>Endorsed</b>	<b>Proposed</b>
Finance and Operations	590,882	734,520	738,833	725,751
Full-time Equivalents Total	3.00	1.50	1.50	1.50