

Office of Economic Development

Bobby Lee, Director

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www.seattle.gov/economicdevelopment

Department Overview

The Office of Economic Development (OED) seeks to foster an inclusive economy that grows family-wage jobs and increases wealth among underserved communities. OED promotes shared prosperity for all Seattleites, economic growth that is equitable, robust, and enduring. OED supports a healthy business environment for underserved populations, empowers entrepreneurs to innovate, grow and compete, while at the same time supporting low-income Seattle residents to develop their talent towards viable career paths. OED invests in four primary program areas all targeting underserved populations: supporting entrepreneurs; building healthy and vibrant neighborhood business districts; developing the talent of youth and adults; and partnering with key industry sectors. The core services OED provides capitalize on Seattle's economic strengths, particularly in the industry areas of manufacturing and maritime, technology, startups, restaurants, health care, life sciences and global health, clean technology, and the creative economy. To accomplish this mission, the office delivers services designed to:

- support the retention and growth of local small businesses owned by underserved populations through technical assistance, access to capital, affordable commercial space, mentorship and marketing;
- increase the number of low-income youth and adults who obtain the skills necessary to meet industry's needs for qualified workers by building collaborations with community-based organizations in the service of youth and providing Career Connected Learning Grants to support youth career readiness;
- support neighborhood business districts through direct funding, technical support and Business Improvement Area (BIA) formation;
- streamline and advance policies and practices and develop partnerships that lead to sustainable economic growth with shared prosperity;
- attract and establish new business via domestic and international investments; and
- support the City's prioritization of film and special events through advocacy and permit coordination to encourage and grow film production and public events in a way that maximizes positive business, economic, and cultural activity while ensuring public safety.

In addition to these services, OED manages many financing programs to increase access to capital for projects from micro-loans to major capital lending. Among these financing tools are three federal programs: 1) Individual Development Accounts (IDAs), a matched savings program in which the City provides Community Development Block Grant funds to low-income owned businesses that demonstrate savings and take business training courses; 2) New Markets Tax Credits (NMTC) which leverage private investment in low-income communities through federal tax incentives; and 3) U.S. Department of Housing and Urban Development (HUD) Section 108 loans which provide financing for economic development projects benefiting low and middle-income individuals.

Office of Economic Development

Budget Snapshot

	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Department Support				
General Fund Support	11,979,782	10,682,954	10,199,595	11,436,246
Other Funding - Operating	-	-	-	116,291
Total Operations	11,979,782	10,682,954	10,199,595	11,552,537
Total Appropriations	11,979,782	10,682,954	10,199,595	11,552,537

Full-Time Equivalents Total*	35.50	35.50	35.50	37.00
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* FTE totals are provided for informational purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here

Budget Overview

The Office of Economic Development (OED), under the leadership of its new director, is implementing an Inclusive Economy Agenda. This mission rests on three OED competencies to serve underserved populations: building self-sufficiency and improving access to employment, family-wage job and wealth creation, and capacity-building for neighborhood resilience in the face of displacement. Those three competencies, in turn, are reflected in various office programs: workforce development and training, small business support and technical assistance, industry cluster development, and neighborhood business district support.

As part of this new mission, OED will work with the Office of Arts and Culture (Arts) to launch the Creative Industry Cluster program in the 2020 Adopted Budget. This is a result of the two offices reorganizing and repurposing the Office of Film and Music (OFM), which exists within OED, to support the growing needs of Seattle's creative economy. This restructure adds or repurposes existing positions in OED and transfers admissions tax-backed positions and programming back to Arts. This allows OED's teams and their economic development tools to fully support and invest in the new initiative. The Creative Industry Cluster program will be led by OFM as a new component of OED's Industry Support Team.

OED will also expand its small business support to include more funding by adding two new funds: The Business Stabilization and Tenant Improvement Funds. These funds will help small businesses navigate the difficulties of short-term setbacks and encourage commercial affordability in areas of high displacement. OED will repurpose some of its Only in Seattle (OIS) funding towards these two funds and the General Fund will backfill the original OIS funding.

City Council Changes to the Proposed Budget

The Council made changes to the Proposed Budget with regards to the OFM reorganization and the elimination of a consultant contract. The Council changed the OFM reorganization by reducing funding for the Creative Policy Advisor position, delaying the start of that position until mid-year, and adding capacity for film and music. The Council also eliminated a contract for local business support and retention.

The Council also made other changes to improve resources for the local workforce by providing one-time funding for apprenticeships that offer living wages and lead to career advancement, studying employment dependent on fossil fuels and how to support small business' transition to a greener economy, and providing support to the redevelopment of the Seattle Vocational Institute.

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Incremental Budget Changes

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	2020 Budget	FTE
Total 2020 Endorsed Budget	10,199,595	35.50
Baseline		
2020 Coalition and Non-Rep Annual Wage Increase Base Budget	340,293	-
2020 State Paid Family Medical Leave Increase Base Budget	5,689	-
Citywide Adjustments for Standard Cost Changes	73,992	-
Technical Adjustment Salary & Benefits Transfer	-	-
City Business Recruitment & Attraction Services	100,000	-
Director Salary Adjustment	31,470	-
Funding for Staff-Initiated Position Reclassifications	51,491	-
Pay Equity Funding	-	-
Transgender Economic Empowerment Program	185,000	-
Proposed Operating		
OFM Reorganization & Creative Industry Cluster	(61,284)	-
Small Business Support Expansion	300,000	-
Adding Accounting Capacity	-	0.50
Council		
Reduce Funding for Creative Industry Policy Advisor	(65,000)	-
Film and Music Program Lead	116,291	1.00
Seattle Business Recruitment and Retention Contract Elimination	(100,000)	-
High Road Apprenticeship Coordinator	75,000	-
Regional Employment Dependent on Fossil Fuels Analysis	100,000	-
Seattle Vocational Institute Redevelopment	200,000	-
Council Provisos		
Creative Industry Policy Advisor Proviso	-	-
Total Incremental Changes	\$1,352,942	1.50
Total 2020 Adopted Budget	\$11,552,537	37.00

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Description of Incremental Budget Changes

Baseline

2020 Coalition and Non-Rep Annual Wage Increase Base Budget

Expenditures \$340,293

This centrally administered change adjusts appropriations to reflect the Annual Wage Increase, as outlined in the agreements between the City and the Coalition of Unions, for personnel costs included in this department's baseline budget. This includes increases to salary, FICA, Medicare, retirement, overtime and temporary labor.

2020 State Paid Family Medical Leave Increase Base Budget

Expenditures \$5,689

Starting in January 2020, Washington State will offer paid family and medical leave benefits to all workers in the State of Washington, including City of Seattle employees. In 2020, the agreements with the Coalition of Unions moves a portion of the cost responsibility to the employee in 2020, with the City paying the remainder. This item increases appropriations to account for the City's obligation for all employees.

Citywide Adjustments for Standard Cost Changes

Expenditures \$73,992

Citywide technical adjustments made in the baseline phase reflect changes to internal services costs, including the Department of Finance & Administrative Services rates, Information Technology rates and Human Resources rates, health care, retirement and industrial insurance charges for the department. This adjustment also includes a transfer of resources from the department to the Human Resources Investigations Unit (HRIU) as part of the City's efforts to improve investigative processes and practices across the City departments. While the internal service rates are final for 2020, some of the other adjustments reflect initial assumptions about these costs and inflators early in the budget process.

Technical Adjustment Salary & Benefits Transfer

Expenditures -

This is a technical, net-zero adjustment that moves position-related costs from the Business Services budget program to the Department Indirect Costs budget program.

City Business Recruitment & Attraction Services

Expenditures \$100,000

This item adds \$100,000 in ongoing funding to encourage business recruitment to and retention in Seattle.

Director Salary Adjustment

Expenditures \$31,470

This item adds \$31,000 in ongoing funding to pay for the additional position-related costs of hiring a new office director.

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Funding for Staff-Initiated Position Reclassifications

Expenditures \$51,491

This item adds \$51,000 in ongoing funding to pay for multiple, staff-initiated reclasses of job classifications approved by the Seattle Human Resources Department.

Pay Equity Funding

Expenditures -

This proposal uses \$119,000 in existing resources, including those made available from the reorganization of the Office of Film and Music, to address ongoing pay equity issues for office staff as researched and confirmed by Seattle Department of Human Resources.

Transgender Economic Empowerment Program

Expenditures \$185,000

This item adds \$185,000 in ongoing funding for a transgender economic empowerment program. In the 2019 Adopted Budget, Council placed an ongoing proviso on this amount for this work in the office. There are no available resources to fund this ongoing program in the existing budget of the office.

Proposed Operating

OFM Reorganization & Creative Industry Cluster

Expenditures \$(61,284)

Position Allocation -

In 2019, the Mayor's Office directed the Office of Economic Development (OED) and the Office of Arts and Culture (Arts) to review the mission and programming of the Office of Film and Music (OFM), which is within OED. Both offices agreed to an OFM reorganization to better sync their efforts to better support the creative economy. There are two components to this reorganization:

- **Transfer of admissions tax-backed staffing and programming to Arts.** OFM will transfer back to Arts programming and a position funded by Arts' admission tax revenues: a 1.0 FTE Strategic Advisor 1 to Arts to continue the role of a Creative Economy Business Advocate, a position that will be shared with OED, and \$50,000 in annual support for the Seattle Music Commission.
- **Repurposing of OFM Resources.**
 - New Creative Industry Cluster program. OED will add capacity to build out its creative economy cluster strategy, helping both Arts and OED support the growth of the local creative sector covering everything from film to music to gaming. These positions are changed or added: a 1.0 FTE Strategic Advisor 3 position, previously filled by the OFM director, will now be the Creative Industry Cluster Director; and a 1.0 FTE Strategic Advisor 2 will be added to provide focused policy and program development support for the overall Creative Industry Cluster program, costing \$164,000. A 1.0 FTE Strategic Advisor 1, the Film & Special Events program lead; a 1.0 FTE Strategic Advisor 2, the Nightlife Business Advocate; 2.0 FTE Admin Staff Assistants, acting as permitting specialists; and 1.0 FTE Admin Specialist I BU will remain unchanged.
 - Officewide capacity and budgetary needs. OED will reclassify a 1.0 FTE Admin Spec II BU in OFM as a Community Development Specialist for data collection and analysis in OED, resulting in a \$7,000 funding increase. OED will also use its OFM resources to fund a baseline add of \$119,000 to address pay equity issues within the office (please see baseline changes).

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Small Business Support Expansion

Expenditures \$300,000

This proposal expands the tools available to the Only in Seattle (OIS) program to include two designated funds to assist more small businesses, the Business Stabilization and Tenant Improvement Funds. Whereas before OIS programming focused on improving the capacity of small business districts, the OIS program will work closer with the Small Business Development program to tap new funding options for individual small businesses. The Business Stabilization Fund will help small businesses facing short-term emergencies, such as theft, vandalism, or emergency repairs, with a focus on those in high-risk displacement neighborhoods. The Tenant Improvement Fund encourages the development of affordable commercial tenant improvements for businesses in high displacement risk areas. Both these funds are part of the office's new Inclusive Economy Agenda, which aims to reduce barriers to economic success for small business owners. Of the \$852,000 in Community Development Block Grant that funds OIS, part of its \$1.5 million total, \$300,000 will be repurposed to support these two new small business funds. The General Fund will backfill OIS by the same amount to keep the program whole.

Adding Accounting Capacity

Expenditures -
Position Allocation 0.50

This proposal uses \$56,000 of the office's existing resources to reallocate two existing staff to new classifications that reflect their increased level of responsibility with respect to the management and administration of the accounting and finances. This additional responsibility is needed as the office continues to adjust to the increased work volume of the City's accounting system, PeopleSoft 9.2, which was implemented in 2018. The Finance Analyst, Senior, becomes a Strategic Advisor 1, in Finance, Budget, and Accounting; and the part-time Accounting Technician II becomes a full-time Accounting Technician III.

Council

Reduce Funding for Creative Industry Policy Advisor

Expenditures \$(65,000)

This item reduces \$65,000 in funding from the position for the Creative Industry Policy Advisor, added in the Proposed Budget as part of the Office of Film and Music Reorganization and Creative Industry Cluster. This action delays filling the position from January 1st to June 1, 2020. This is one-time.

Film and Music Program Lead

Expenditures \$116,291
Position Allocation 1.00

This item adds \$116,00 in ongoing admissions tax revenue to for a full-time Film and Music Program Lead, a Strategic Advisor 1, to focus on managing film and music program functions. Since 2012, these functions have been managed by a Film and Special Events Manager. Due to the large amount of work required by special events, film was about 15% of the staff member's time. Separating the duties into two assignments allows for more staff capacity to focus on the film industry and add music to the portfolio. The responsibilities of the new position include but are not limited to providing policy guidance related to the film and music industries; overseeing coordination of film permitting; advising the Office Director, the Special Events Committee, and Creative Industry Cluster Director on film and music policies.

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Seattle Business Recruitment and Retention Contract Elimination

Expenditures \$(100,000)

This item eliminates the \$100,000 consultant contract for local business recruitment and retention, which was added to the Office's baseline in the Proposed Budget to continue work that occurred in 2019.

High Road Apprenticeship Coordinator

Expenditures \$75,000

This item adds \$75,000 in ongoing funding to contract with a non-profit organization with a history of partnering with municipal governments and businesses to develop career pathways, such as the Workforce Development Council of Seattle-King County (WDC), to support high road apprenticeships. These apprenticeships offer living wages, full benefits, flexibility, participatory management, career advancement pathways, and a voice on the job. This funds an apprenticeship coordinator within a non-profit organization dedicated to engaging with existing high road training programs and developing new programs. The Office of Economic Development will collaborate with the selected non-profit organization and MLK Labor to determine specific responsibilities for this new role.

Regional Employment Dependent on Fossil Fuels Analysis

Expenditures \$100,000

This item adds \$100,000 in one-time funding for a study of local employment dependent on fossil fuels. The Green New Deal for Seattle (Resolution 31895), adopted by Council in August 2019, established a goal of making Seattle climate pollution-free by 2030, and committed the City to ensuring a just transition for workers whose jobs currently depend on the fossil fuel industry. However, the City lacks data on how many jobs in the region currently depend on the fossil fuel industry, and it is not clear what resources or actions will be required to achieve a just transition.

The goals of the study are to: (1) understand the potential impact to workers as the City acts to reduce reliance on fossil fuels; (2) analyze where job growth is anticipated in clean energy and related industries; and (3) identify strategies for supporting small businesses and their workers as the City transitions away from fossil fuels.

Seattle Vocational Institute Redevelopment

Expenditures \$200,000

This item adds \$200,000 in one-time funding to provide funding to the Central District Community Preservation and Development Authority (CD CPDA) for costs associated with the redevelopment of the Seattle Vocational Institute building in the Central District. As part of the 2019 Adopted and 2020 Endorsed Budget, the Council added \$100,000 to Finance General to support a feasibility study for the proposed CD CPDA. The funds were used to match funding from the State of Washington and King County to conduct initial planning and outreach work for the CD CPDA that is expected to be completed at the end of December 2019. Earlier this year, the Washington State Legislature passed and the Governor signed House Bill 1918, establishing the CD CPDA.

The intended source of ongoing revenue for the CD CPDA is rental income from the building currently occupied by the Institute, which is owned by Seattle Colleges. Title to the property will be transferred from Seattle Colleges to the CD CPDA following the appointment of its Board of Directors around the end of 2019. The CD CPDA is requesting \$21.5 million in capital construction funding from the State of Washington and \$2 million from King County for design, engineering, construction, and operating costs for an 18-month period before, during, and after construction. A combined pool of public funds from the City, County, and State will help support these costs.

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Council Provisos

Creative Industry Policy Advisor Proviso

"None of the \$99,000 appropriated in the 2020 budget for the Office of Economic Development may be spent for the Creative Industry Policy Advisor position (Strategic Advisor 2, exempt) until the Chair of the Civil Rights, Utilities, Economic Development, and Arts Committee, or successor committee, files a certification with the City Clerk that the Office of Economic Development has provided a report on how this position will support the diversity of workers in the Creative Industries sector, specifically those in the film and music industries."

Expenditure Overview

	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Appropriations				
OED - BO-ED-ADMIN - Leadership and Administration				
00100 - General Fund	1,862,926	2,196,833	2,153,999	2,560,152
Total for BSL: BO-ED-ADMIN	1,862,926	2,196,833	2,153,999	2,560,152
OED - BO-ED-X1D00 - Business Services				
00100 - General Fund	10,116,857	8,486,121	8,045,596	8,876,094
12400 - Arts and Culture Fund	-	-	-	116,291
Total for BSL: BO-ED-X1D00	10,116,857	8,486,121	8,045,596	8,992,385
Department Total	11,979,782	10,682,954	10,199,595	11,552,537
Department Full-Time Equivalent Total*	35.50	35.50	35.50	37.00

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

Budget Summary by Fund Office of Economic Development

	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
00100 - General Fund	11,979,782	10,682,954	10,199,595	11,436,246
12400 - Arts and Culture Fund	-	-	-	116,291
Budget Totals for OED	11,979,782	10,682,954	10,199,595	11,552,537

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Appropriations by Budget Summary Level and Program

OED - BO-ED-ADMIN - Leadership and Administration

The purpose of the Leadership and Administration Budget Summary Level is to provide executive, community, financial, human resource, technology and business support to the Office of Economic Development.

Program Expenditures	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Citywide Indirect Costs	336,392	714,135	742,779	794,810
Departmental Indirect Costs	1,392,668	911,970	914,433	1,283,929
Pooled Benefits	133,866	570,728	496,787	481,413
Total	1,862,926	2,196,833	2,153,999	2,560,152
Full-time Equivalents Total*	7.50	7.50	7.50	8.00

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

The following information summarizes the programs in Leadership and Administration Budget Summary Level:

Citywide Indirect Costs

The purpose of the Citywide Indirect Costs program is to fund internal services costs originating from outside of the department such as allocated costs from the Department of Finance and Administrative Services and Seattle Information Technology Department.

Expenditures/FTE	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Citywide Indirect Costs	336,392	714,135	742,779	794,810

Departmental Indirect Costs

The purpose of the Departmental Indirect Costs program is to fund costs associated with management of the department. This may include personnel costs related to department leadership and administration or other administrative costs such as external rent and operating supplies or services.

Expenditures/FTE	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Departmental Indirect Costs	1,392,668	911,970	914,433	1,283,929
Full Time Equivalents Total	7.50	7.50	7.50	8.00

Pooled Benefits

The purpose of the Pooled Benefits program is to fund department costs associated with health and dental insurance, workers compensation, and unemployment insurance contributions.

Expenditures/FTE	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Pooled Benefits	133,866	570,728	496,787	481,413

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OED - BO-ED-X1D00 - Business Services

The purpose of the Business Services Budget Summary Level is to promote economic development in the City.

Program Expenditures	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Business Services	-	-	-	8,992,385
Business Services Budget Progr	10,116,857	8,486,121	8,045,596	-
Total	10,116,857	8,486,121	8,045,596	8,992,385
Full-time Equivalents Total*	28.00	28.00	28.00	29.00

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

The following information summarizes the programs in Business Services Budget Summary Level:

Business Services

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, facilities 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.

Expenditures/FTE	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Business Services	-	-	-	8,992,385
Full Time Equivalents Total	-	-	-	29.00

Business Services Budget Progr

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, facilities 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.

Expenditures/FTE	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Business Services Budget Progr	10,116,857	8,486,121	8,045,596	-
Full Time Equivalents Total	28.00	28.00	28.00	-