

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. In addition, with the Mayor's support an in recognition of a changing economy, OED has focused attention on developing and rolling out an Inclusive Creative Industries (ICI) program an economic priority, a strategy to support diverse creative industries and diversify creative industries that historically have not been diverse. Holistically, 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;
- support inclusive creative economic development programs and strategies that support small business workforce development, industry advocacy, logistics support including permit coordination, and neighborhood initiatives;
- attract and establish new business via domestic and international investments; and
- support special events through advocacy and permit coordination to encourage and maximize 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.

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Budget Snapshot

	2019 Actuals	2020 Adopted	2021 Adopted
Department Support			
General Fund Support	12,258,807	11,436,246	14,554,537
Other Funding - Operating	-	116,291	62,597
Total Operations	12,258,807	11,552,537	14,617,134
Total Appropriations	12,258,807	11,552,537	14,617,134

Full-Time Equivalents Total*	35.50	37.00	36.00
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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 COVID-19 pandemic brought unprecedented changes to our community and economy in 2020. The Office of Economic Development (OED) played a leading role in the emergency response efforts to support both businesses and workers to navigate the impacts of the pandemic with a focus on stabilizing those most impacted by the recession. OED will continue to provide emergency support to employers and employees navigating unemployment, safe reopening and small business stabilization, while simultaneously planning for long term recovery and economic stability. OED will build on work began in 2020 to lead a just transition with an Inclusive Economic Agenda by focusing on building self-sufficiency and creating new opportunities for employment, family-wage jobs and community wealth creation, and capacity-building for neighborhood resilience in the face of displacement.

The City is projecting significant revenue losses due to COVID-19 pandemic and the resulting public health crisis and business closures. As a result, the 2021 Adopted Budget includes reductions for most departments across the City. Because of OED's leading role in economic stability and recovery, minor reductions were made while maintaining critical capacity for new and existing programs. The 2021 Adopted Budget includes new allocations to the Small Business Stabilization Fund (SBSF), including the use of temporary staff to implement this new work. To help support that balancing of the City's budget, OED reduced or eliminated workforce development contracts through priority ordering to maintain funding for organizations serving those who will be most impacted by the economic recession. OED also strategically reduced staff in nightlife advocacy, key industry coordination and performance evaluation. These reductions allowed OED to redirect partial resources to support core department needs and achieve overall savings.

City Council Changes to the Proposed Budget

The City Council made changes to several positions in OED. Funding and position authority was restored for two positions proposed for budgetary layoffs in the 2021 Proposed Budget. Further, the Council provided General Funds for the Special Events Lead Position due to declining revenue from the Arts Admission Tax. The Council also made a one-time partial funding reduction to the Creative Industry Policy Advocate position. Council restored partial funding for workforce development contracts and added support for clean-up efforts in business districts.

Incremental Budget Changes

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	Dollars	FTE
2020 Adopted Budget	11,552,537	37.00
 Baseline		
Adjustment for One-Time Budget Changes	(260,000)	-
Citywide Adjustments for Standard Cost Changes	119,414	-
Baseline Adjustments for Personnel Costs	16,138	-
CDBG True Up	(4,988)	-
Arts Admission Tax Reduction	-	-
Adjust to Recog 2020 Arts Transfers	-	-
Recog Special Events Lead Ad Tax funding from 2020	-	-
 Proposed Operating		
Joint COVID-19 Relief Plan	3,000,000	-
Nightlife Industry Staffing Reduction & Special Events Funding Swap	(97,755)	(1.00)
Key Industries Director Position Reduction	(184,824)	(1.00)
Leadership Staffing & Program Reductions	(152,954)	(1.00)
Workforce Development Program Contract Reductions	(123,142)	-
Operations Funding Reductions & Reallocations	-	-
 Council Changes		
Add \$50,000 GF to OED to support workforce development activities	50,000	-
Cut \$14,000 GF from OED for the Creative Industry Policy Advisor position	(14,000)	-
Add \$58,000 GF to OED for the Special Events Program Lead position	58,000	-
Request that OED develop strategies to support farmers markets	-	-
Request that OED develop a construction impacts mitigation program for small businesses	-	-
Clean Cities Initiative	350,000	-
Add \$2.18 million GF to restore positions proposed for budgetary layoffs in HSD, OED, OPCD, SDOT, and SFD; and impose provisos	308,708	2.00
 Total Incremental Changes	 \$3,064,597	 (1.00)
 Total 2021 Adopted Budget	 \$14,617,134	 36.00

Description of Incremental Budget Changes

	<u>Baseline</u>
Adjustment for One-Time Budget Changes	
Expenditures	\$(260,000)

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This item includes budget adjustments for one-time changes in the 2020 Adopted Budget for the Seattle Vocational Instituted and a study of local employment dependent on fossil fuels.

Citywide Adjustments for Standard Cost Changes

Expenditures \$119,414

Citywide technical adjustments made in the baseline phase reflect changes to internal services costs, including rates from the Department of Finance & Administrative Services, Seattle Information Technology Department, Seattle Department of Human Resources, and for healthcare, retirement and industrial insurance charges for the department. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

Baseline Adjustments for Personnel Costs

Expenditures \$16,138

This centrally administered change adjusts appropriations to reflect an 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, family medical leave, retirement, overtime, and temporary labor. There is no increase assumed from 2021 to 2022.

CDBG True Up

Expenditures \$(4,988)

Revenues -

This is a net zero technical changes that aligns revenues and expenditures from federal Community Development Block Grants (CDBG).

Arts Admission Tax Reduction

Revenues \$(58,000)

The Office of Arts & Culture (Arts) proposes to provide OED \$58,000 less in funding to back OED's Special Events Lead position which was first funded by Arts in 2020. This reduction is necessary due to decreases in projected Admission Tax.

Adjust to Recog 2020 Arts Transfers

Revenues \$(177,000)

This is a technical adjustment which recognizes the change in revenue received from the Office of Arts & Culture first adopted via the 2020 Adopted Budget.

Recog Special Events Lead Ad Tax funding from 2020

Revenues \$116,291

In the Council phase of 2020 Budget development, Council added \$116,291 in Admissions Tax revenue to fund a new Strategic Advisor (1 FTE) to lead Special Events. This technical change properly recognizes this revenue change at OED.

Proposed Operating

Joint COVID-19 Relief Plan

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Expenditures	\$3,000,000
Revenues	\$1,000,000

As part of the 2020 budget, the Mayor and City Council have invested \$233 million in COVID-19 relief programs. To further address community needs, an additional \$45 million will be invested from the City reserves and other funding sources, with approximately half appropriated in 2020 and the remainder in 2021. The investments will be distributed according to a spending plan, which includes assistance to small business, childcare, individuals experiencing homelessness or at risk of losing their home, people experiencing food insecurity, and immigrants and refugees.

In late 2020, an additional \$5.7 million was provided to OED for grants to small businesses throughout Seattle through the Small Business Stabilization Fund (SBSF). Roughly \$2.5 million in grants were awarded in 2020 through this funding source and an additional \$200,000 was available for technical assistance. The remaining \$ 3 million will be awarded through small business stabilization grants in 2021. This brings the total investment from 2020-2021 in SBSF to over \$9.8 million, supporting close to 1000 businesses.

Nightlife Industry Staffing Reduction & Special Events Funding Swap

Expenditures	\$(97,755)
Position Allocation	(1.00)

The Council restored funding for this position in the Adopted Budget. Refer to the Council Phase Changes section below. The proposed budget description follows: The item eliminates the Nightlife Business Advocate position (Strategic Advisor 2). Savings of \$98,000 will be realized in the budget. The remaining \$58,000 from this position elimination will be used to offset a 2021 proposed Arts Admission Tax reduction to OED. This funding currently supports OED's Special Events Lead (Strategic Advisor 1). Small businesses supported by the promotion and advocacy of nightlife through this position will continue to be supported by OED's existing programs and staffing.

Key Industries Director Position Reduction

Expenditures	\$(184,824)
Position Allocation	(1.00)

This item eliminates OED's Director of its Key Industry Team to generate \$185,000 in salary/benefits savings. To accomplish this reduction and mitigate its impacts on the team, management from other OED teams will absorb the remaining industry team members into their respective teams. Staff will maintain the industry support and focus on youth of color employment and BIPOC-owned small businesses engagement. The existing key industry team will continue to support the inclusive growth of the City's key industry sectors.

Leadership Staffing & Program Reductions

Expenditures	\$(152,954)
Position Allocation	(1.00)

The Council restored funding for this position in the Adopted Budget. Refer to the Council Phase Changes section below. The proposed budget description follows: This item eliminates the Strategy and Performance Advisor in the Economic Development Leadership program and generates a savings of \$153,000. In addition, \$30,000 in consultant budget that helps fund OED's research capacity is reallocated to fund its existing staffing budget.

Two performance analyst positions remain at OED to mitigate the impact of Strategy and Performance Advisor reduction.

Workforce Development Program Contract Reductions

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Expenditures \$(123,142)

The Council altered this proposal in the adopted budget. Refer to the Council Phase Changes section below. The proposed budget description follows: OED proposes to reduce and/or eliminate funding for existing Workforce Development contracts by (\$413,000) to achieve savings and support an internal OED budget reallocation. This cut would be accomplished by eliminating a contract with PortJobs (\$50,000) and reducing the Seattle Jobs Initiative (SJI) contract by \$363,345. The reduction to the SJI contract leaves \$1.45 million available to support that work. About two-thirds of this reduction will be reallocated internally to address budget shortfalls to meet current staffing levels.

Operations Funding Reductions & Reallocations

Expenditures -

This item reallocates \$36,000 previously budgeted to support OED's general operations to help offset 2021 ongoing staffing costs currently not supported by OED's ongoing budget. To achieve this reduction, OED proposes to limit sponsorship of professional and community events, limit professional development opportunities for staff, reduce motor pool use, and cut technology and equipment purchases.

Council Changes

Add \$50,000 GF to OED to support workforce development activities

Expenditures \$50,000

This item adds \$50,000 GF to OED to fund workforce development activities.

This funding, which would be cut in the 2021 Proposed Budget, would support a contract with an organization that seeks to provide low-income job seekers of Seattle and King County with jobs in the building and construction trades and at the Port of Seattle/Seattle-Tacoma International Airport.

Cut \$14,000 GF from OED for the Creative Industry Policy Advisor position

Expenditures \$(14,000)

This item cuts \$14,000 GF (one-time) from OED for the Creative Industry Policy Advisor position (1.0 FTE Strategic Advisor 2), which is currently vacant. The position was added to the 2020 Adopted Budget to support implementation of OED's Creative Industry sector strategy with marketing, stakeholder management, and policy research and development. This action is anticipated to delay hire of this position until February 2021.

Add \$58,000 GF to OED for the Special Events Program Lead position

Expenditures \$58,000

This item adds \$58,000 of GF to OED for the Special Events Program Lead position, whose responsibilities include overseeing coordination of special events permitting and developing permitting programs and services to drive economic, cultural, and community growth for Seattle. The position was intended to be fully funded with Admissions Tax proceeds, but given the sharp decline in revenues due to the COVID-19 pandemic, \$58,000 of this position's cost needs to be supported by GF in 2021.

Request that OED develop strategies to support farmers markets

This Statement of Legislative Intent would request that the Office of Economic Development (OED), Seattle Department of Transportation (SDOT), Seattle Fire Department (SFD), Seattle Parks and Recreation (Parks), Office of Sustainability and Environment (OSE), and Department of Neighborhoods (DON) draft legislation for Council consideration that would implement changes to code and business practices, including the creation of a master

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farmers market permit and lower permit fees, to reduce barriers for farmers markets. This should include updating and formalizing Multi-Departmental Administrative Rules 09-01, related to a pilot strategy for permitting farmers markets in the public right-of-way and on Parks' property, and evaluate whether additional staff support for farmers markets is necessary. In addition, OED, SDOT, SFD, Parks, OSE, and DON should conduct a racial equity analysis on any proposed changes.

OED, SDOT, SFD, Parks, OSE, and DON should submit the materials and/or a progress report to the Community Economic Development Committee and the Central Staff Director by June 30, 2021.

Request that OED develop a construction impacts mitigation program for small businesses

This Statement of Legislative Intent would request that the Office of Economic Development (OED) collaborate with the Seattle Department of Transportation (SDOT) to propose a strategy for funding and distributing financial assistance to small businesses that are adversely impacted during the construction of City-led transportation projects, with the goal of establishing a program in OED by late 2021 or 2022. The proposed strategy should include: potential eligibility criteria for recipients; funding options; a Racial Equity Toolkit analysis; and other relevant considerations.

OED and SDOT should submit a response to the Community Economic Development Committee and the Central Staff Director by August 2, 2021.

Clean Cities Initiative

Expenditures	\$350,000
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This item adds \$2.383 million of one-time General Fund (GF) resources to several departments, including the Department of Parks and Recreation (SPR), to implement a Clean Cities Initiative. A related CBA amended the 2020 3rd Quarter Supplemental Ordinance to add \$720,000 GF for the same purpose, for a total of \$3.1 million in funding for the Clean Cities Initiative in 2020 and 2021.

The Clean Cities Initiative increases trash pick-up in rights of way, parks, and open space for a four-month period. Teams of Seattle Parks and Recreation and Seattle Department of Transportation employees will conduct the trash pick-up work. Funding will also be used to expand several of Seattle Public Utilities' programs, including the Litter Abatement program, the Needle Disposal Box program, and the Graffiti Ranger program. Finally, a portion of this funding is provided to the Office of Economic Development for grants to business associations, including Business Improvement Areas, to install and service trash cans, conduct litter removal, and conduct graffiti clean-up efforts. The Council has requested that the Executive prioritize allocating grant awards to equity business districts, as identified by OED.

This item reflects the 2021 funding allocated to OED. Please see the budget book pages for Seattle Department of Transportation, Seattle Parks and Recreation, and Seattle Public Utility for their respective allocations to implement this work.

Add \$2.18 million GF to restore positions proposed for budgetary layoffs in HSD, OED, OPCD, SDOT, and SFD; and impose provisos

Expenditures	\$308,708
Position Allocation	2.00

This item provides General Fund appropriation to restore 17 positions proposed for budgetary layoffs in five departments. It also restores position authority for 2 positions in HSD, 2 positions in OED, 1 position in OPCD and 2 positions in SFD.

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The following provisos would restrict use of the added funds as follows:

“Of the appropriation in the 2021 Budget for the Office of Economic Development’s OED-BO-ED-Admin BSL, \$152,953 is appropriated solely for retaining a Strategic Advisor 2, Exempt / Strategy & Performance Advisor position and may be spent for no other purpose.”

“Of the appropriation in the 2021 Budget for the Office of Economic Development’s OED-BO-ED-X1D00 BSL, \$155,755 is appropriated solely for retaining a Strategic Advisor 2, Exempt / Nightlife Business Advocate position and may be spent for no other purpose.”

Expenditure Overview

	2019 Actuals	2020 Adopted	2021 Adopted
Appropriations			
OED - BO-ED-ADMIN - Leadership and Administration			
00100 - General Fund	2,680,846	2,560,152	2,611,251
Total for BSL: BO-ED-ADMIN	2,680,846	2,560,152	2,611,251
OED - BO-ED-X1D00 - Business Services			
00100 - General Fund	9,577,962	8,876,094	11,943,286
12400 - Arts and Culture Fund	-	116,291	62,597
Total for BSL: BO-ED-X1D00	9,577,962	8,992,385	12,005,883
Department Total	12,258,807	11,552,537	14,617,134
Department Full-Time Equivalent Total*	35.50	37.00	36.00

** 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

	2019 Actuals	2020 Adopted	2021 Adopted
00100 - General Fund	12,258,807	11,436,246	14,554,537
12400 - Arts and Culture Fund	-	116,291	62,597
Budget Totals for OED	12,258,807	11,552,537	14,617,134

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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	2019 Actuals	2020 Adopted	2021 Adopted
Citywide Indirect Costs	736,146	794,810	811,449
Departmental Indirect Costs	1,360,805	1,283,929	1,245,439
Pooled Benefits	583,894	481,413	554,363
Total	2,680,846	2,560,152	2,611,251
Full-time Equivalents Total*	7.50	8.00	8.00

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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	2019 Actuals	2020 Adopted	2021 Adopted
Citywide Indirect Costs	736,146	794,810	811,449

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	2019 Actuals	2020 Adopted	2021 Adopted
Departmental Indirect Costs	1,360,805	1,283,929	1,245,439
Full Time Equivalents Total	7.50	8.00	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.

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Expenditures/FTE	2019 Actuals	2020 Adopted	2021 Adopted
Pooled Benefits	583,894	481,413	554,363

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	2019 Actuals	2020 Adopted	2021 Adopted
Business Services	-	8,992,385	12,005,883
Business Services Budget Progr	9,577,962	-	-
Total	9,577,962	8,992,385	12,005,883
Full-time Equivalents Total*	28.00	29.00	28.00

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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	2019 Actuals	2020 Adopted	2021 Adopted
Business Services	-	8,992,385	12,005,883
Full Time Equivalents Total	-	29.00	28.00

Business Services Budget 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, 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	2019 Actuals	2020 Adopted	2021 Adopted
Business Services Budget Program	9,577,962	-	-
Full Time Equivalents Total	28.00	-	-