

# Office of Economic Development

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[www.seattle.gov/economicdevelopment](http://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 Proposed
<b>Department Support</b>			
General Fund Support	12,258,807	11,436,246	13,801,829
Other Funding - Operating	-	116,291	62,597
<b>Total Operations</b>	<b>12,258,807</b>	<b>11,552,537</b>	<b>13,864,426</b>
<b>Total Appropriations</b>	<b>12,258,807</b>	<b>11,552,537</b>	<b>13,864,426</b>

Full-Time Equivalents Total*	35.50	37.00	34.00
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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 Proposed 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 Proposed 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.

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### Incremental Budget Changes

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	Dollars	FTE
<b>2020 Adopted Budget</b>	<b>11,552,537</b>	<b>37.00</b>
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	-	-
Citywide Adjustments for Standard Cost Changes	119,414	-
Baseline Adjustments for Personnel Costs	16,138	-
Adjustment for One-Time Budget Changes	(260,000)	-
Revenue Update	-	-
CDBG True Up	(4,988)	-
Special Events Revenue Decrease Projection	-	-
Adjust to Recog 2020 Arts Transfers	-	-
Recog Special Events Lead Ad Tax funding from 2020	-	-
Arts Admission Tax Reduction	-	-
<b>Total Incremental Changes</b>	<b>\$2,311,889</b>	<b>(3.00)</b>
<b>Total 2021 Proposed Budget</b>	<b>\$13,864,426</b>	<b>34.00</b>

### Description of Incremental Budget Changes

#### Joint COVID-19 Relief Plan

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 the Office of Economic Development (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

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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 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)

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

Expenditures	\$(123,142)
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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	-
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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.

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## 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.

## Adjustment for One-Time Budget Changes

Expenditures \$(260,000)

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.

## Revenue Update

Revenues -

This change reflects updates to baseline revenues from the August revenue forecast.

## CDBG True Up

Expenditures \$(4,988)

Revenues -

## Special Events Revenue Decrease Projection

Revenues \$(693,000)

Due to the impacts of the COVID-19 pandemic, large gatherings have been banned, dramatically decreasing Special Event Fee revenues in 2020. Year-to-date 2020 collections total approximately \$46,000 as compared to the proposed \$1.16 million. OED anticipates a (\$693,000) decrease in 2021 for a total of \$467,000 in fees. This projection assumes that special events will slowly be allowed to be held in accordance with Washington's Safe Start recovery plan, that events will tend to attract fewer participants and that fewer events will be held. This 2021 projection is based on calculating a percentage of the fees collected in 2018 will be collected again in 2021. (2018 data was used due a lack of detailed data from 2019 from SPD and given that 2018 SE revenues were almost identical to 2019.) OED assumes the following to project 2021 fees: of 2018 fees, no fees will be collected in Q1, 25% of 2018 fees in Q2, 50% of Q3 fees, and 75% of Q4 fees. OED also assumed that the base fee of \$275.00 will remain in place and will be collected for events that otherwise would generate lower fees than this base amount.

## Adjust to Recog 2020 Arts Transfers

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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.

### **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.

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### Expenditure Overview

	2019 Actuals	2020 Adopted	2021 Proposed
<b>Appropriations</b>			
<b>OED - BO-ED-ADMIN - Leadership and Administration</b>			
00100 - General Fund	2,680,846	2,560,152	2,458,298
<b>Total for BSL: BO-ED-ADMIN</b>	<b>2,680,846</b>	<b>2,560,152</b>	<b>2,458,298</b>
<b>OED - BO-ED-X1D00 - Business Services</b>			
00100 - General Fund	9,577,962	8,876,094	11,343,531
12400 - Arts and Culture Fund	-	116,291	62,597
<b>Total for BSL: BO-ED-X1D00</b>	<b>9,577,962</b>	<b>8,992,385</b>	<b>11,406,128</b>
<b>Department Total</b>	<b>12,258,807</b>	<b>11,552,537</b>	<b>13,864,426</b>
<b>Department Full-Time Equivalents Total*</b>	<b>35.50</b>	<b>37.00</b>	<b>34.00</b>

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### Budget Summary by Fund Office of Economic Development

	2019 Actuals	2020 Adopted	2021 Proposed
00100 - General Fund	12,258,807	11,436,246	13,801,829
12400 - Arts and Culture Fund	-	116,291	62,597
<b>Budget Totals for OED</b>	<b>12,258,807</b>	<b>11,552,537</b>	<b>13,864,426</b>

### Revenue Overview

#### 2021 Estimated Revenues

Account Code	Account Name	2019 Actuals	2020 Adopted	2021 Proposed
322900	Nonbus Lic&Perm-Other	1,041,521	1,160,000	467,000
331110	Direct Fed Grants	2,259,951	1,363,675	2,363,675
341190	Personnel Service Fees	144,250	428,575	359,866
345050	Economic Environ-Other Rev	35,458	-	-
360020	Inv Earn-Residual Cash	11,580	-	-
360900	Miscellaneous Revs-Other Rev	-	50,000	-
397200	Interfund Revenue	262,051	-	-
<b>Total Revenues for: 00100 - General Fund</b>		<b>3,754,811</b>	<b>3,002,250</b>	<b>3,190,541</b>

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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.

<b>Program Expenditures</b>	<b>2019 Actuals</b>	<b>2020 Adopted</b>	<b>2021 Proposed</b>
Citywide Indirect Costs	736,146	794,810	811,449
Departmental Indirect Costs	1,360,805	1,283,929	1,092,486
Pooled Benefits	583,894	481,413	554,363
<b>Total</b>	<b>2,680,846</b>	<b>2,560,152</b>	<b>2,458,298</b>
Full-time Equivalents Total*	7.50	8.00	7.00

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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.

<b>Expenditures/FTE</b>	<b>2019 Actuals</b>	<b>2020 Adopted</b>	<b>2021 Proposed</b>
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.

<b>Expenditures/FTE</b>	<b>2019 Actuals</b>	<b>2020 Adopted</b>	<b>2021 Proposed</b>
Departmental Indirect Costs	1,360,805	1,283,929	1,092,486
Full Time Equivalents Total	7.50	8.00	7.00

#### **Pooled Benefits**



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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	2019 Actuals	2020 Adopted	2021 Proposed
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 Proposed
Business Services	-	8,992,385	11,406,128
Business Services Budget Progr	9,577,962	-	-
<b>Total</b>	<b>9,577,962</b>	<b>8,992,385</b>	<b>11,406,128</b>
Full-time Equivalents Total*	28.00	29.00	27.00

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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 Proposed
Business Services	-	8,992,385	11,406,128
Full Time Equivalents Total	-	29.00	27.00

### **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	2019 Actuals	2020 Adopted	2021 Proposed
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Business Services Budget Progr	9,577,962	-	-
Full Time Equivalents Total	28.00	-	-