

# Office of Economic Development

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Stephen H. Johnson, Director

Department Information Line: (206) 684-8090

On the Web at: <http://www.seattle.gov/EconomicDevelopment/>



## 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. The core services OED provides capitalize on Seattle's economic strengths, particularly in the areas of manufacturing and maritime industries, film and music, healthcare, and clean technology. To accomplish this mission, OED 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 projects. 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 \$10 million in HUD Section 108 funds that leverage low-cost financing for business and real estate projects in economically distressed areas.

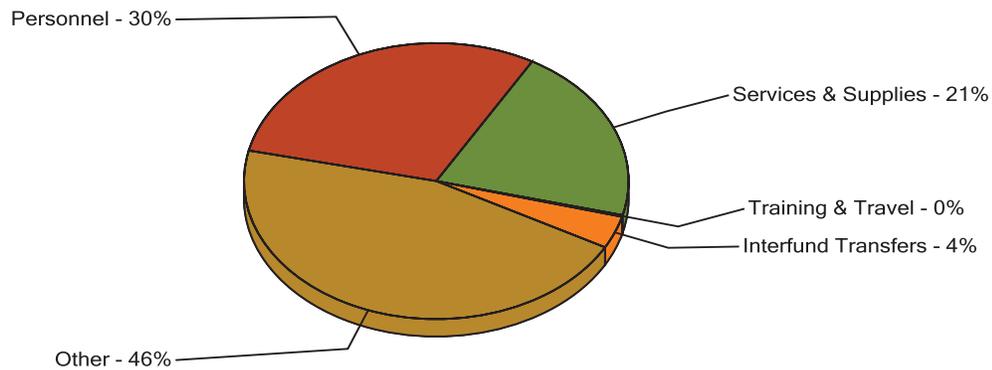
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### Budget Snapshot

Department Support	2011 Actual	2012 Adopted	2013 Adopted	2014 Endorsed
General Fund Support	\$7,255,685	\$5,865,474	\$6,249,877	\$6,230,050
Other Funding - Operating	\$2,831,997	\$4,091,175	\$3,133,675	\$1,208,675
<b>Total Operations</b>	<b>\$10,087,682</b>	<b>\$9,956,649</b>	<b>\$9,383,552</b>	<b>\$7,438,725</b>
<b>Total Appropriations</b>	<b>\$10,087,682</b>	<b>\$9,956,649</b>	<b>\$9,383,552</b>	<b>\$7,438,725</b>
Full-time Equivalent Total*	22.00	24.00	22.50	22.50

\* 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.

### 2013 Adopted Budget - Expenditure by Category



### Budget Overview

As the City begins its recovery from the Great Recession, City departments must find efficient ways to make strategic investments to assure greater shared recovery citywide. OED's 2013 Adopted and 2014 Endorsed budgets were developed to support and grow small businesses in all parts of the City, and to provide employment training to targeted communities. In addition to recognizing federal revenues that are available to offset General Fund expenses in 2013-2014, the 2013 Adopted and 2014 Endorsed budgets reflect a new strategy for workforce development, the "Career Bridge" program, and add a new dimension to the Only in Seattle program by augmenting the program with funding for business district improvements. OED's budget also programs available CDBG funds to promote economic development through new and existing programs. This work is further described below.

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## Workforce Development

The U.S. Department of Labor shows that an important determinate of socio-economic advancement is educational attainment beyond high school. To help low-income workers find better paying jobs, OED is continuing to work closely with Seattle Community College District and Seattle employers to implement the Pathways to Careers program. Pathways to Careers focuses on increasing the number of low-skilled working-age adults who complete a professional degree or credential that leads to a better paying and more secure job with benefits and opportunities for advancement. However, some individuals who face barriers to employment - including prior incarceration or limited English skills - require additional skill building and connection to resources in order to be successful in moving along the Pathways to Careers continuum toward a professional degree, credential, or longer term employment opportunity.

To address this need, the City's 2013 Adopted Budget establishes the "Career Bridge" program as a new part of Pathways to Careers. The Career Bridge program is a new partnership between OED and the Human Services Department (HSD) to provide focused employment services for low-income adults who face multiple barriers to employment and career advancement. The Career Bridge program is designed to prepare people in crisis or facing barriers to employment for the education and training necessary to secure employment that provides greater economic security. Ultimately, the Career Bridge program will support the overall objectives of the Pathways to Careers initiative by helping adults in crisis find employment while preparing them for the difficult task of completing a professional credential that leads to better jobs with opportunities for career advancement.

In 2013, the City will identify a Community Based Development Organization (CBDO) that will be the front line point of contact with individual participants. The CBDO will coordinate recruitment of individuals, and assess each individual's needs. In 2013, it is anticipated that the CBDO will provide each program participant with 20 hours of career building and job search training. In addition, the CBDO will connect potential employers with participants, and refer participants to job training and other post-secondary programs as necessary and appropriate. An important innovation of the Career Bridge program will be the integration of human and employment services tailored to meet the unique needs of the individuals served by the program. The CBDO, with support from the City's Human Service Department, will connect participants to appropriate housing options, childcare and transportation services so that participants can focus on career building activities.

The Seattle Jobs Initiative (SJI) will be a critical partner to HSD and OED in 2013 in developing the Career Bridge program. SJI has a strong record of providing adults who have significant employment barriers with training and job placement services and is well suited to support the Career Bridge in its initial year. The Career Bridge program will be partially funded in 2013 by focusing \$150,000 of OED's workforce development contract with SJI to fund SJI's contributions to the Career Bridge program. In addition, HSD's 2013 Adopted Budget includes an allocation of \$60,000 in CDBG funds in 2013 to identify and develop at least one CBDO to be involved in administering the program. In 2014, it is anticipated that the CBDO will assume oversight and delivery of this program, and will partner with other community based organizations to serve as ongoing support to the individual participant as the individual moves toward stable employment. Also in 2014, an increased level of CDBG funds will be programmed by HSD to fully support the Career Bridge program through work with one or more CBDOs. The program will be developed and supported with existing City staff in OED and HSD in 2013 and 2014.

## Neighborhood Business District Grants

Efforts to further strengthen the improving business climate in Seattle neighborhoods will be enhanced in 2013 and 2014. OED will expand the Only in Seattle program by making available a pool of \$500,000 of General Fund available through Finance General for projects that address the "Appearance and Pedestrian Environment" program strategy area of Only in Seattle (OIS). OIS program improves the business climate in Seattle neighborhoods by providing marketing and technical assistance, establishing business district organizing capacity, and sponsoring and producing promotional events.

Under the new program, business districts with parking meters will be eligible to compete for grants dedicated to improving the appearance and functionality of streetscapes, sidewalks and other capital projects as part of the Only in Seattle grant process. Grants will be evaluated based how the project enhances the business district; the need for the project and potential impact; the extent to which business district stakeholders have been successfully engaged in planning and project selection; whether the project is prioritized in an existing

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neighborhood plan; and whether any initial design and engineering work has been completed, if applicable. Grant applications will be reviewed by an interdepartmental panel including OED, Seattle Transportation Department, Department of Planning and Development, Parks and Recreation, Department of Neighborhoods.

### Community Development Block Grant (CDBG)

In 2013 and 2014, the City is anticipating federal CDBG entitlement levels to remain unchanged from the 2012 actual level of approximately \$9.3 million. In 2013, the City completes its commitment of CDBG funding to the Rainier Valley Community Development Fund (RVCDF) with a final funding allocation of \$2 million. Between 2005-2013, the City has allocated \$35 million in City CDBG funds to the RVCDF to mitigate the impacts of the Link Light Rail development in southeast Seattle and accomplish community development objectives. The City will continue to work with the RVCDF in future years as the RVCDF programs these CDBG funds. The ramp down of the CDBG funding level to the RVCDF in 2013 results in CDBG funding being available for other purposes beginning in 2013.

A portion of available CDBG funds will be used in 2013 and 2014 by OED to further stimulate economic development. OED will use CDBG funds to extend the *growSeattle* program, which provides entrepreneurial training and business development support to immigrant business owners with barriers to accessing mainstream business support programs. To date, this program has provided support to East African and Vietnamese businesses. In 2013, *growSeattle* will continue this work at the same level of CDBG funding as in 2012. In 2014, *growSeattle* will continue to provide technical assistance and business consulting services, and be expanded to provide loan capital to community based lenders to underwrite otherwise unbankable transactions for small businesses. While Seattle's economy is improving, OED recognizes that immigrant entrepreneurs may need additional support to navigate new bureaucracies and financial systems.

The South Park business district was hit hard by both the last recession and the temporary closure of the South Park Bridge. OED will use new CDBG funding to assist businesses in the South Park business district through the Only in Seattle Program in 2013. Approximately 30 South Park businesses will be eligible to receive technical assistance through the Only in Seattle program while the South Park Bridge remains closed, and grow their businesses when the bridge re-opens in September of 2013. In addition, changes made during the Council review phase provide additional funding to assist the South Park business district, with specific plans for programming these funds to be developed in coordination with King County.

Finally, OED is reducing its CDBG funding allocation in 2013 that previously funded a base contract amount with the National Development Council (NDC) for review of federal HUD Section 108 Float Loan funds prior to loan origination. OED will eliminate the base CDBG funding amount from the NDC contract while continuing to pay NDC out of one-time loan fees collected from borrowers. Underwriting and monitoring of Section 108 loans will remain unchanged from current service levels as OED conducts this work with existing staff.

### City Council Changes

The City Council added one-time funding to OED's budget to study the feasibility of a mixed-use development project in the Little Saigon neighborhood. The study will analyze the potential for a new project to serve as a catalyst to preserve the neighborhood as a social, cultural and economic hub.

One-time funding was also added to support an interagency effort to streamline restaurant permitting processes across City, county and state agencies. OED will work with King County and the Washington State Department of Commerce to negotiate and begin carrying out a work plan.

Finally, the Council changes increased the amount of one-time CDBG funds available to support the South Park Business District given the delay in the reopening of the South Park Bridge until 2014. OED will work with King County to develop an inter-local agreement describing how OED will program the funds in 2013 as part of the Only in Seattle program.

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## Incremental Budget Changes

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	2013		2014	
	Budget	FTE	Budget	FTE
<b>Total 2012 Adopted Budget</b>	<b>\$ 9,956,649</b>	<b>24.00</b>	<b>\$ 9,956,649</b>	<b>24.00</b>
<b>Baseline Changes</b>				
Citywide Adjustments for Standard Cost Changes	\$ 264,509	0.00	\$ 443,784	0.00
Reflect Full Cost of Special Events Staffing Transfer	\$ 28,439	0.00	\$ 29,008	0.00
Reduce Finance Manager to 0.5 FTE	\$ 0	-0.50	\$ 0	-0.50
<b>Proposed Policy Changes</b>				
Recognize HUD Challenge Grant Revenue	\$ 0	0.00	\$ 0	0.00
CDBG -- Extend <i>growSeattle</i> Entrepreneurial Training and Lending	\$ 75,000	0.00	\$ 450,000	0.00
CDBG -- South Park Business District Support	\$ 150,000	0.00	\$ 0	0.00
CDBG -- Section 108 Loan Review Contract Adjustment	-\$ 15,000	0.00	-\$ 15,000	0.00
CDBG -- Rainier Valley Community Development Fund Technical Adjustment	-\$ 1,317,500	0.00	-\$ 3,317,500	0.00
<b>Proposed Technical Changes</b>				
Final Citywide Adjustments for Standard Cost Changes	-\$ 23,545	0.00	-\$ 108,217	0.00
Technical Adjustment -- Eliminate Vacant Position	\$ 0	-1.00	\$ 0	-1.00
<b>Council Phase Changes</b>				
Little Saigon Development Project Study	\$ 40,000	0.00	\$ 0	0.00
Streamlining Restaurant Permitting	\$ 75,000	0.00	\$ 0	0.00
CDBG - South Park Business Support	\$ 150,000	0.00	\$ 0	0.00
<b>Total Incremental Changes</b>	<b>-\$ 573,097</b>	<b>-1.50</b>	<b>-\$ 2,517,925</b>	<b>-1.50</b>
<b>2013 Adopted/2014 Endorsed Budget</b>	<b>\$ 9,383,552</b>	<b>22.50</b>	<b>\$ 7,438,725</b>	<b>22.50</b>

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## Descriptions of Incremental Budget Changes

### Baseline Changes

#### **Citywide Adjustments for Standard Cost Changes - \$264,509**

Citywide technical adjustments made in the "Baseline Phase" reflect changes due to inflation, central cost allocations, retirement, health care, workers' compensation, and employment costs. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

#### **Reflect Full Cost of Special Events Staffing Transfer - \$28,439**

The 2012 Adopted Budget transferred two existing positions, a Manager 1 and Administrative Specialist, from DPR to OED to manage citywide special events such as marathons, rallies and annual events like Seafair. This technical adjustment reflects the full cost of this transfer.

#### **Reduce Finance Manager to 0.5 FTE/(.50) FTE**

While funding for the Finance Manger was reduced to part time in the 2012 Adopted Budget, the position was intentionally maintained at 1.0 FTE to allow for a transition in 2012. This adjustment reduces the position to 0.5 FTE as planned.

### Proposed Policy Changes

#### **Recognize HUD Challenge Grant Revenue**

General Fund personnel costs are offset in 2013 and 2014 using federal HUD Challenge grant award funds awarded to the City in 2012. OED's portion of the Challenge grant is focused on supporting business retention in the Othello business district.

#### **CDBG - Extend *growSeattle* Entrepreneurial Training and Lending - \$75,000**

This change adds \$75,000 in CDBG funding for the *growSeattle* program in 2013, and increases this amount to \$450,000 in CDBG funds in 2014. This program offers culturally and linguistically appropriate support to immigrant small businesses all over the City. These services include outreach efforts to connect small businesses with financing and technical assistance. This change maintains the 2012 funding level in 2013, and increases the program's funding and scope in 2014 to increase funding to the immigrant business support program, technical assistance, and loan capital to support micro-lending for otherwise unbankable small business transactions.

#### **CDBG - South Park Business District Support - \$150,000**

This change adds CDBG resources of \$150,000 to help mitigate the impact of the closure of the South Park Bridge on local businesses. The closure of the South Park Bridge in 2012 has exerted a tremendous amount of economic pressure on small businesses in South Park. OED will direct CDBG dollars to its Only In Seattle program to build economic development capacity and to provide technical assistance to 30 South Park Businesses until the South Park Bridge reopens in September of 2013. This is a one-time appropriation of CDBG funds in 2013.

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## **CDBG - Section 108 Loan Review Contract Adjustment - (\$15,000)**

OED contracts with National Development Council (NDC) for review of federal HUD Section 108 Float Loan funds prior to loan origination. OED will eliminate the \$15,000 base amount from the NDC contract while continuing to pay NDC out of one-time loan fees collected from borrowers. NDC will continue to provide financial advice to OED at current service levels. Underwriting and monitoring of Section 108 loans will remain unchanged from current service levels as OED conducts this work with existing staff.

## **CDBG - Rainier Valley Community Development Fund Technical Adjustment - (\$1,317,500)**

During 2005-2013, the City has allocated \$35 million in City CDBG funds to the RVCDF to mitigate the impacts of the link light rail development in South East Seattle and accomplish community development purposes. This technical adjustment aligns the 2013-2014 CDBG funding amount to the RVCDF to planned levels by reducing \$1.3 million in 2013, and \$3.3 million in comparison to the 2012 Adopted Budget. The City's CDBG funding commitment to the RVCDF is completed in 2013.

### Proposed Technical Changes

#### **Final Citywide Adjustments for Standard Cost Changes - (\$23,545)**

Citywide technical adjustments made in the "Proposed Phase" reflect changes due to inflation, central cost allocations, retirement, health care, workers' compensation, and unemployment costs. These adjustments typically reflect updates to preliminary cost assumptions established in the "Baseline Phase."

#### **Technical Adjustment - Eliminate Vacant Position/(1.00) FTE**

This change eliminates a vacant community development position was added in 2011 to support the Healthy Foods grant some Public-Health Seattle & King County. The grant expires in 2012.

### Council Phase Changes

#### **Little Saigon Development Project Study - \$40,000**

One-time funding is provided to study the feasibility of a mixed-use project in the Little Saigon neighborhood to serve as a catalyst to preserve the neighborhood as a social, cultural and economic hub.

#### **Streamlining Restaurant Permitting - \$75,000**

One-time funding is provided to support an interagency effort to streamline restaurant permitting processes across City, county and state agencies. This funding will allow OED to partner with King County and the Washington State Department of Commerce to negotiate a work plan and begin carrying out the efforts.

#### **CDBG - South Park Business Support - \$150,000**

This change increases one-time CDBG funding by \$150,000 to \$300,000 total in 2013 to provide additional economic development assistance to the South Park Business District due to a delay in the reopening of the South Park Bridge until 2014. The CDBG funds will be programmed as part of the OED Only In Seattle program. OED will work with King County to develop an inter-local agreement describing how this additional funding to the South Park Business District will be programmed in 2013.

## **City Council Provisos**

The City Council adopted the following budget proviso:

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- No more than \$10,000 appropriated in the 2013 budget for the Office of Economic Development's (OED) OED BCL may be spent on improving restaurant permitting processes across City, King County, and Washington State agencies until the Chair of the Council's Committee on Economic Resiliency and Regional Relations files with the City Clerk her certification that OED has executed an agreement with King County and the Washington State Department of Commerce that includes a work plan to improve restaurant permitting processes and articulates agency staffing and funding responsibilities for that work plan through 2014.

### Expenditure Overview

Appropriations	Summit Code	2011 Actual	2012 Adopted	2013 Adopted	2014 Endorsed
<b>CDBG - Office of Economic Development Budget Control Level</b>	<b>6XD10</b>	<b>2,831,997</b>	<b>4,091,175</b>	<b>3,133,675</b>	<b>1,208,675</b>
<b>Office of Economic Development Budget Control</b>					
Business Services		5,996,271	4,617,220	4,880,399	4,837,218
Economic Development Leadership		548,338	611,022	634,957	653,999
Finance and Operations		711,075	637,232	734,520	738,833
<b>Total</b>	<b>X1D00</b>	<b>7,255,685</b>	<b>5,865,474</b>	<b>6,249,877</b>	<b>6,230,050</b>
<b>Department Total</b>		<b>10,087,682</b>	<b>9,956,649</b>	<b>9,383,552</b>	<b>7,438,725</b>
<b>Department Full-time Equivalent Total*</b>		<b>22.00</b>	<b>24.00</b>	<b>22.50</b>	<b>22.50</b>

\* 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.

### Revenue Overview

#### 2013 Estimated Revenues for the Community Development Block Grant Fund (17810)

Summit Code	Source	2011 Actual	2012 Adopted	2013 Adopted	2014 Endorsed
433010	Community Development Block Grant (CDBG)	2,831,997	4,091,175	3,133,675	1,208,675
	<b>Total Revenue from Other Public Entities</b>	<b>2,831,997</b>	<b>4,091,175</b>	<b>3,133,675</b>	<b>1,208,675</b>
<b>Total Revenues</b>		<b>2,831,997</b>	<b>4,091,175</b>	<b>3,133,675</b>	<b>1,208,675</b>

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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>2011 Actual</b>	<b>2012 Adopted</b>	<b>2013 Adopted</b>	<b>2014 Endorsed</b>
Economic Development	2,831,997	4,091,175	3,133,675	1,208,675
<b>Total</b>	<b>2,831,997</b>	<b>4,091,175</b>	<b>3,133,675</b>	<b>1,208,675</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>2011 Actual</b>	<b>2012 Adopted</b>	<b>2013 Adopted</b>	<b>2014 Endorsed</b>
Business Services	5,996,271	4,617,220	4,880,399	4,837,218
Economic Development Leadership	548,338	611,022	634,957	653,999
Finance and Operations	711,075	637,232	734,520	738,833
<b>Total</b>	<b>7,255,685</b>	<b>5,865,474</b>	<b>6,249,877</b>	<b>6,230,050</b>
Full-time Equivalents Total*	22.00	24.00	22.50	22.50

*\* 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>2011 Actual</b>	<b>2012 Adopted</b>	<b>2013 Adopted</b>	<b>2014 Endorsed</b>
Business Services	5,996,271	4,617,220	4,880,399	4,837,218
Full-time Equivalents Total	15.00	16.00	16.00	16.00

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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>Expenditures/FTE</b>	<b>2011 Actual</b>	<b>2012 Adopted</b>	<b>2013 Adopted</b>	<b>2014 Endorsed</b>
Economic Development Leadership	548,338	611,022	634,957	653,999
Full-time Equivalents Total	4.00	5.00	5.00	5.00

## 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>Expenditures/FTE</b>	<b>2011 Actual</b>	<b>2012 Adopted</b>	<b>2013 Adopted</b>	<b>2014 Endorsed</b>
Finance and Operations	711,075	637,232	734,520	738,833
Full-time Equivalents Total	3.00	3.00	1.50	1.50