

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 Proposed
Department Support				
General Fund Support	11,979,782	10,682,954	10,199,595	11,226,246
Total Operations	11,979,782	10,682,954	10,199,595	11,226,246
Total Appropriations	11,979,782	10,682,954	10,199,595	11,226,246
Full-Time Equivalents Total*	35.50	35.50	35.50	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 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 Proposed Budget. This is a result of the two offices agreeing to reorganize and repurpose 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.

Office of Economic Development

Incremental Budget Changes

Office of Economic Development

	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
Total Incremental Changes	\$1,026,651	0.50
Total 2020 Proposed Budget	\$11,226,246	36.00

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 tentative agreement 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 tentative agreement 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.

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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.

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.

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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 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).

Small Business Support Expansion

Expenditures	\$300,000
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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.

Office of Economic Development

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.

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Expenditure Overview

	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Proposed
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	8,666,094
Total for BSL: BO-ED-X1D00	10,116,857	8,486,121	8,045,596	8,666,094
Department Total	11,979,782	10,682,954	10,199,595	11,226,246
Department Full-Time Equivalent Total*	35.50	35.50	35.50	36.00

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Budget Summary by Fund Office of Economic Development

	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Proposed
00100 - General Fund	11,979,782	10,682,954	10,199,595	11,226,246
Budget Totals for OED	11,979,782	10,682,954	10,199,595	11,226,246

Office of Economic Development

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 Proposed
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

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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	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Proposed
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 Proposed
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 Proposed
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 Proposed
Business Services	-	-	-	8,666,094
Business Services Budget Progr	10,116,857	8,486,121	8,045,596	-
Total	10,116,857	8,486,121	8,045,596	8,666,094
Full-time Equivalents Total*	28.00	28.00	28.00	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	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Proposed
Business Services	-	-	-	8,666,094
Full Time Equivalents Total	-	-	-	28.00

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 Proposed
Business Services Budget Progr	10,116,857	8,486,121	8,045,596	-
Full Time Equivalents Total	28.00	28.00	28.00	-