

# Office of Economic Development

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## 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 industry areas of manufacturing and maritime, film and music, technology, startups, restaurants, healthcare, life sciences/global health, and clean technology. To accomplish this mission, the office delivers services designed to:

- Support the retention and growth of existing businesses;
- Attract and establish new business;
- Increase the number of low-income adults who obtain the skills necessary to meet industry's needs for qualified workers;
- Support small businesses and neighborhood business districts through direct funding, technical assistance, and Business Improvement Area (BIA) formation;
- Permit film and special events in a way that minimizes business impacts while ensuring public safety; 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 lending. 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 \$79 million of allocated NMTCs, of which \$51 million has been awarded, and manages an available HUD Section 108 loan pool of \$37.4 million, of which \$29.2 million has been awarded.

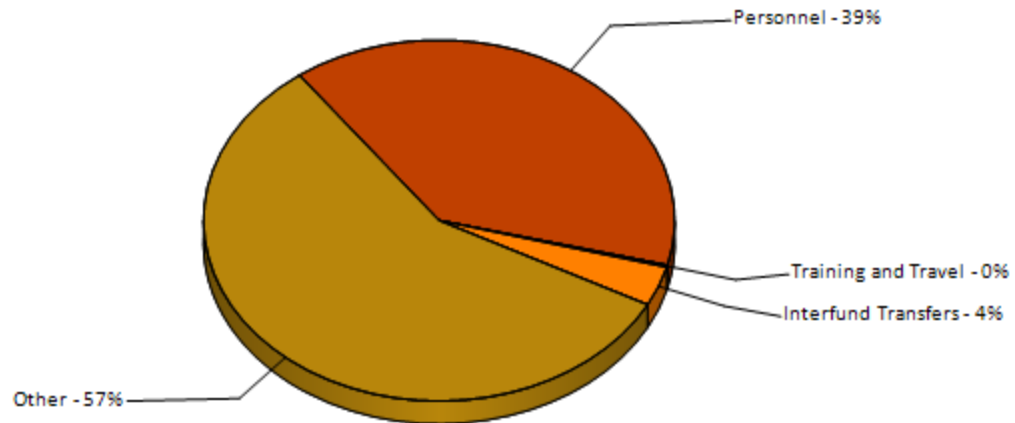
## Budget Snapshot

Department Support	2013 Actual	2014 Adopted	2015 Proposed	2016 Proposed
General Fund Support	\$6,304,961	\$6,973,982	\$7,508,750	\$7,568,677
Other Funding - Operating	\$6,097,911	\$1,528,675	\$1,535,683	\$1,470,354
<b>Total Operations</b>	<b>\$12,402,872</b>	<b>\$8,502,657</b>	<b>\$9,044,433</b>	<b>\$9,039,031</b>
<b>Total Appropriations</b>	<b>\$12,402,872</b>	<b>\$8,502,657</b>	<b>\$9,044,433</b>	<b>\$9,039,031</b>
Full-time Equivalent Total*	22.50	25.50	27.50	27.50

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

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## 2015 Proposed Budget - Expenditure by Category



### Budget Overview

The 2015-2016 Proposed Budget for the Office of Economic Development (OED) enhances the City's commitment to support, engage and grow small businesses in all parts of the city. The proposed budget responds to many of the challenges that small businesses will face in the next two years including implementing new labor and wage policies and managing the rapidly growing amount of construction that impacts the livelihood of commercial districts. The proposed budget also enhances resources to address the need for increased operations, finance, outreach, and communications assistance to better support the programmatic work of OED.

In 2012, special events administration was transferred from the Department of Parks and Recreation to OED to strengthen the linkages between the promotion of special events and economic development. To enhance customer service and public safety, OED has increased event organizers' responsibility to plan for public safety, engage in neighborhood notification and communication, and address noise abatement issues. While many of the improvements OED has implemented have streamlined the process, the number of special event and film permits has increased dramatically over the last three years. The proposed budget dedicates resources to increase the processing capacity of special events, film, and farmers' market permits.

#### Small Business Outreach, Engagement and Support

Micro- and small businesses provide job creation, innovation, and wealth creation opportunities are an important aspect of the economic vibrancy of Seattle. Supporting entrepreneurs in accessing the appropriate information, resources and training is critical to ensuring the success and growth of their enterprises. Among the top priorities for the City, a number of policy initiatives to ensure economic justice and social mobility, including sick and safe leave, job assistance ordinance, and the new \$15 minimum wage are changing the landscape of how businesses operate in Seattle. Small businesses are facing a period of significant adjustment and are in need of additional support, information and services to navigate the new regulatory realities. The proposed budget provides

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additional resources to increase the level of technical assistance, outreach and engagement, and financial services provided to small businesses to help them address these challenges.

The proposed budget also increases support for Only in Seattle (OIS) in 2015-2016 to support neighborhood business district economic development efforts, with targeted focus on better serving ethnic, minority, and immigrant and refugee-owned small businesses. OIS promotes a safe and healthy business environment for business organizations and neighborhood business districts via a comprehensive approach, including work in the following strategy areas: business organization, business retail and development, safety and cleanliness, marketing and promotion, and appearance and pedestrian environment. Significant one-time and ongoing resources are added to OIS to expand the reach of the program and increase the number of grants made available.

## **Access Seattle**

A new interdepartmental initiative piloted in 2014, Access Seattle is a coordinated approach to supporting businesses most impacted by public and private construction across the City. The program, a partnership between OED and the Seattle Department of Transportation (SDOT), aims to keep businesses thriving, travelers moving safely and construction coordinated during a time of unprecedented growth and development in Downtown and nearby neighborhoods. The program actively plans, coordinates and monitors construction activity in neighborhoods to better manage the impacts resulting from significant construction projects.

OED will play an integral role in this project, capitalizing on its experience working with small businesses and stakeholders. OED will serve as an advocate for businesses and the community on construction-related issues and will implement proactive strategies to soften potential impacts. The proposed budget provides ongoing funding to support this function in OED.

## **Expanding Investments in the Central Area**

In conjunction with the proposed budget, separate legislation will propose broadening the uses of the Central Area Equity Fund (Fund 17830). The Central Area Equity Fund was created in 1995 to support community development organizations and assist with the acquisition and development of real estate in the Central Area. At the time of its inception, three organizations were eligible to use these funds. Two decades later, only one community development organization dedicated to the Central Area remains. Maintaining a commitment to the fund's original purpose, the Mayor will propose legislation that would expand its potential to include supporting several community-based projects and initiatives that all share the goal of celebrating the Central Area's identity, culture and history, as well as enhancing the economic opportunities for its residents.

Included in the proposed uses of the fund are:

- providing resources for the Central Area History Project, a community-based initiative with the goal of reinforcing and highlighting the neighborhood's unique identity;
- implementing an economic development agenda consistent with community priorities identified through the work of City projects, including the 23rd Avenue Action Plan, to create a culturally and ethnically diverse and economically strong community in the Central Area; and
- continuing to provide support to several low-income housing developments in the Central Area.

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## Incremental Budget Changes

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	2015		2016	
	Budget	FTE	Budget	FTE
<b>Total 2014 Adopted Budget</b>	<b>\$ 8,502,657</b>	<b>25.50</b>	<b>\$ 8,502,657</b>	<b>25.50</b>
<b>Baseline Changes</b>				
Citywide Adjustments for Standard Cost Changes	\$ 15,562	0.00	\$ 20,923	0.00
Remove One-time Funding for Only in Seattle	-\$ 580,000	0.00	-\$ 580,000	0.00
Transfer \$250,000 from Finance General to OED	\$ 250,000	0.00	\$ 250,000	0.00
<b>Proposed Changes</b>				
Increase support for Finance and Operations Program	\$ 10,000	0.50	\$ 10,000	0.50
Small Business Support	\$ 210,000	0.00	\$ 210,000	0.00
Increase Support for Only In Seattle	\$ 250,000	0.00	\$ 185,000	0.00
Access Seattle Business Outreach	\$ 143,000	1.00	\$ 135,000	1.00
OED Communications and Engagement	\$ 0	0.50	\$ 0	0.50
Increase Permit Processing Capacity	\$ 40,000	0.00	\$ 0	0.00
<b>Proposed Technical Changes</b>				
Citywide Training and Travel Reallocation	-\$ 614	0.00	-\$ 614	0.00
CDBG - Section 108 Loan Repayment	\$ 74,597	0.00	\$ 74,268	0.00
Technical Adjustments	\$ 0	0.00	\$ 0	0.00
Final Citywide Adjustments for Standard Cost Changes	\$ 129,231	0.00	\$ 231,797	0.00
<b>Total Incremental Changes</b>	<b>\$ 541,776</b>	<b>2.00</b>	<b>\$ 536,374</b>	<b>2.00</b>
<b>2015 - 2016 Proposed Budget</b>	<b>\$ 9,044,433</b>	<b>27.50</b>	<b>\$ 9,039,031</b>	<b>27.50</b>

## Descriptions of Incremental Budget Changes

### Baseline Changes

#### Citywide Adjustments for Standard Cost Changes - \$15,562

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

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## **Remove One-time Funding for Only in Seattle - (\$580,000)**

This adjustment removes funding for one-time investments to enhance economic development efforts in the Chinatown/International District and Little Saigon neighborhoods through the Only in Seattle program. This adjustment removes \$260,000 of General Fund and \$320,000 of federal Community Development Block Grant (CDBG).

## **Transfer \$250,000 from Finance General to OED - \$250,000**

This adjustment transfers \$250,000 from Finance General to the Office of Economic Development that was added in 2013 for the Only in Seattle program. The 2013 Adopted Budget included \$500,000 in General Fund to support the creation of a new tier of grants in the Only in Seattle program allowing business districts with parking meters to apply for capital improvement funding to enhance their streetscapes and the pedestrian environment. The 2014 Adopted Budget previously transferred \$250,000 of these funds to OED.

## **Proposed Changes**

### **Increase support for Finance and Operations Program - \$10,000/.50 FTE**

This item increases support for multiple functions of the Finance and Operations Program and restores the finance director to 1.0 FTE from the existing 0.5 FTE. In the 2012 Adopted Budget, the finance director position was reduced to 0.5 FTE as part of a strategy to consolidate OED with the Office of Housing (OH) to reduce administrative costs. While this consolidation was not ultimately pursued, the position was reduced. The proposed budget restores this position to 1.0 FTE. OED will pay for this position increase using existing funding. Additionally, OED has contracted accounting work with OH to help manage ongoing finance and administrative functions since 2013 using existing funding. To formalize an MOU between OH and OED for accounting support, \$10,000 is added to OED's budget.

### **Small Business Support - \$210,000**

Many small businesses are challenged by implementing Seattle's new minimum wage ordinance and other new business regulations and policies enacted by the City recently. To offset that challenge, this item increases support to small businesses to better connect them with resources, services and training provided by several sources, including the City, neighborhood business districts and local chambers of commerce. OED will expand its existing business retention and expansion efforts by integrating ethnic- and affinity-based chambers into its business referral system and working with them to enhance the connections between the business organizations and the businesses they serve.

### **Increase Support for Only In Seattle - \$250,000**

As part of a broad strategy to support small businesses, a one-time increase of \$200,000 in federal Community Development Block Grant (CDBG) funds and an on-going increase of \$250,000 in CDBG funds are added to support neighborhood business districts. This additional support allows OED to respond to growing demand from neighborhood commercial districts to participate in the program and better serve low-income neighborhoods - particularly those serving ethnic, minority, and immigrant and refugee-owned small businesses - across the City by strengthening their infrastructure, organizational capacity and business district vitality.

### **Access Seattle Business Outreach - \$143,000/1.00 FTE**

As part of the Access Seattle partnership with SDOT, this item adds 1.0 FTE strategic advisor, who will serve as a Business Relations Manager to help implement a business outreach strategy, connecting small businesses with the resources needed to resolve issues stemming from construction impacts. This position will be paired with the

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geographically-based construction hub inspectors focused on Center City and other neighborhoods highly impacted by construction.

## **OED Communications and Engagement/.50 FTE**

OED currently relies on interns and temporary staff to support its community outreach and engagement for various programs as well as to manage its communications platforms, including website content, newsletters, and social media outreach efforts. This adjustment adds a 0.50 FTE public relations specialist to support OED's programs in their outreach, engagement and communications. The 2015-2016 Proposed Budget provides position authority to continue this work; OED will pay for this position using existing resources.

## **Increase Permit Processing Capacity - \$40,000**

This item adds one-time funding for temporary administrative support to address capacity issues related to processing special event, film and farmers market permits. Working with the Mayor's Office of Policy and Innovation and the City Budget Office in 2015, OED will review the relevant approval processes and permit fee structures with the goal of proposing reforms for 2016.

## **Proposed Technical Changes**

### **Citywide Training and Travel Reallocation - (\$614)**

This adjustment makes small reductions to training and travel budget appropriations Citywide. The Budget reallocates these funds to a new Centralized Management and Leadership Development program in the Department of Human Resources. More information on the new training program can be found in the Department of Human Resources budget section.

### **CDBG - Section 108 Loan Repayment - \$74,597**

This item allocates for an annual loan repayment of federal HUD Section 108 Float Loans and includes both principal and interest payments. Repayment will begin in 2015 and occur for the remaining 14 years of the loan term.

### **Technical Adjustments**

Changes reflected in this category include: adjustments within or between Budget Control Levels that align funding with spending requirements, corrections to baseline adjustments made during Executive phase, and other technical changes to staffing and program funding requirements. These changes are considered technical in nature because they do not significantly affect approved department service delivery or require new or additional policy decisions. Adjustments in this item are budget neutral.

### **Final Citywide Adjustments for Standard Cost Changes - \$129,231**

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

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## Expenditure Overview

Appropriations	Summit Code	2013 Actual	2014 Adopted	2015 Proposed	2016 Proposed
<b>CDBG - Office of Economic Development Budget Control Level</b>	<b>6XD10</b>	<b>6,097,911</b>	<b>1,528,675</b>	<b>1,535,683</b>	<b>1,470,354</b>
<b>Office of Economic Development Budget Control</b>					
Business Services		5,061,249	5,733,752	6,206,503	6,250,446
Economic Development Leadership		564,918	514,478	517,256	520,845
Finance and Operations		678,794	725,752	784,991	797,386
<b>Total</b>	<b>X1D00</b>	<b>6,304,961</b>	<b>6,973,982</b>	<b>7,508,750</b>	<b>7,568,677</b>
<b>Department Total</b>		<b>12,402,872</b>	<b>8,502,657</b>	<b>9,044,433</b>	<b>9,039,031</b>

<b>Department Full-time Equivalents Total*</b>	<b>22.50</b>	<b>25.50</b>	<b>27.50</b>	<b>27.50</b>
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*\* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here.*

## Appropriations By Budget Control Level (BCL) and Program

<b><u>CDBG - Office of Economic Development Budget Control Level</u></b>				
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.				
Program Expenditures	2013 Actual	2014 Adopted	2015 Proposed	2016 Proposed
Economic Development	6,097,911	1,528,675	1,535,683	1,470,354
<b>Total</b>	<b>6,097,911</b>	<b>1,528,675</b>	<b>1,535,683</b>	<b>1,470,354</b>

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## 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.

	2013	2014	2015	2016
<b>Program Expenditures</b>	<b>Actual</b>	<b>Adopted</b>	<b>Proposed</b>	<b>Proposed</b>
Business Services	5,061,249	5,733,752	6,206,503	6,250,446
Economic Development Leadership	564,918	514,478	517,256	520,845
Finance and Operations	678,794	725,752	784,991	797,386
<b>Total</b>	<b>6,304,961</b>	<b>6,973,982</b>	<b>7,508,750</b>	<b>7,568,677</b>
Full-time Equivalents Total*	22.50	25.50	27.50	27.50

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

**The following information summarizes the programs in 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.

	2013	2014	2015	2016
<b>Expenditures/FTE</b>	<b>Actual</b>	<b>Adopted</b>	<b>Proposed</b>	<b>Proposed</b>
Business Services	5,061,249	5,733,752	6,206,503	6,250,446
Full-time Equivalents Total	16.00	20.00	21.50	21.50

### **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.

	2013	2014	2015	2016
<b>Expenditures/FTE</b>	<b>Actual</b>	<b>Adopted</b>	<b>Proposed</b>	<b>Proposed</b>
Economic Development Leadership	564,918	514,478	517,256	520,845
Full-time Equivalents Total	5.00	4.00	4.00	4.00



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## 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>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Expenditures/FTE</b>	<b>Actual</b>	<b>Adopted</b>	<b>Proposed</b>	<b>Proposed</b>
Finance and Operations	678,794	725,752	784,991	797,386
Full-time Equivalents Total	1.50	1.50	2.00	2.00