

Key Issues and Trends

OED's partners generated quarterly and annual reports to provide impact data for specific business activities. An important part of the reporting was to identify issues and trends impacting businesses in the designated sectors, and to provide success stories of companies that have benefited as a result of the program.

The top three challenges expressed by businesses in Seattle were: 1. Access to Capital 2. Workforce Development 3. Business Climate

Access to Capital

From our collective visits, we often heard that businesses continue to have a hard time accessing credit, and specifically that companies are finding it very challenging to access capital for working capital, to purchase inventory, and to expand their business.

For example, within the clean technology sector, most of the stimulus money has been allocated and clean tech companies seeking investors in the "post-stimulus" economy face extremely tight credit markets and investors leery of anything new and unproven. As a result, most clean tech companies are having a difficult time finding investors.

In the life sciences sector, while entrepreneurs have always needed to be creative, they have especially been so with more convertible debt financing showing up amongst the traditional equity financing. The increased competitiveness for non-dilutive funding sources reflects the economy's depletion of private funding, and companies are being forced to survive the strained economy with the strictest of cost efficiencies.

OED and its partners are employing a number of strategies to increase access to both debt and equity financing for businesses in targeted sectors. As an example, WBBA holds regular Venture Investor & Partnering (VIP) Forums. WBBA brings high quality investors and strategic partners to Seattle for a showcase of the most promising life science companies and research opportunities in the region. In 2010, the WBBA brokered more than 60 one-on-one meetings between Washington-based companies, strategic partners and investors who do not make Seattle a routine stop on their travels. Through the growseattle partnership, we are exploring ways to replicate this successful format in the clean tech sector with enterpriseSeattle.

Workforce Development

Technical and qualified management personnel are in short supply, in spite of high unemployment numbers. This problem is being exacerbated by the aging "baby boomer" generation, which does not have a younger workforce ready to step in and fill their positions once they retire. There is a need to develop a closer connection with youth in Seattle Public Schools in order to introduce, prepare, and train them for jobs in the industrial sector.

Through its workforce investments, OED is working to improve completion of certification or other postsecondary education necessary to transition to a desired career. Improving outcomes necessitates long-term coordination, collaboration, and co-investment across the workforce development investors, intermediaries, and program providers. OED's investment in the Seattle Jobs Initiative reflects the city's commitment to deliver employment and training services, as well as college attainment support, to help low-income residents get the skills they need to obtain living-wage jobs and transition out of unemployment and/or poverty.

Starting in December 2010, OED, in partnership with the Seattle Community College District, convened the regional partners and investors of workforce education. The group is working to standardize strategies to increase persistence and completion of postsecondary training and education. The group has identified four industry sectors in which to focus this work:

manufacturing, international trade & logistics, healthcare, and business services. Over the course of the year, the group will be recommending partnership opportunities with the ultimate objective of dramatically increasing the completion of one and two year degrees that have genuine labor market value in growing career pathways, through stronger alignment and collaboration.

Business Climate

Many businesses have indicated that the City of Seattle needs to be more business friendly. The loss of a business has a negative impact on not only the tax revenue for the city, but also the overall business climate and job growth. Many in the manufacturing sector have cited the city as an impediment to growth with land use, street use, and environmental regulations. In the downtown core, increased parking rates and civil nuisance issues have become a burden on street level businesses.

The city is committed to improving customer service to businesses. OED has launched two ways to improve business access to city resources:

- growseattle Business Web Portal. The city has launched an easily navigable, comprehensive, online resource (www.growseattle.com) to help new and existing Seattle businesses access all business services and programs offered by the City of Seattle. The portal enables new and established businesses to find all their permitting and licensing requirements in one place, and to easily locate information on loans, business planning, technical assistance, and more.
- Citywide Business Advocacy Team. The city formalized a Citywide Business Advocacy Team of key staff from multiple city departments to help Seattle businesses navigate government. The advocacy team helps identify and correct systemic permitting and regulatory issues impacting Seattle businesses and develop solutions that cut across departments.

Summary

As OED and our partners reflect upon the inaugural year of the growseattle Business Expansion and Retention program, several points are made clear:

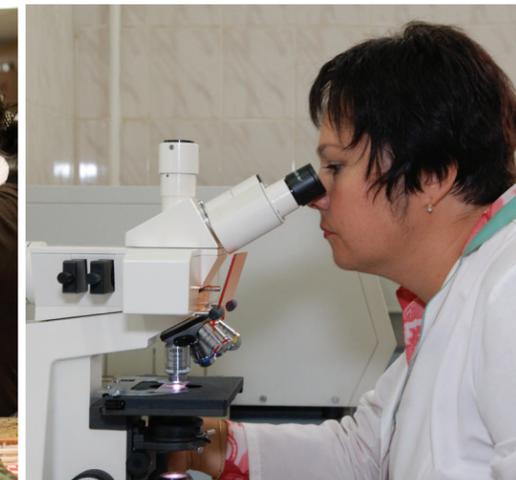
1. Proactive interactions with businesses in Seattle have been very well received by businesses, and have significantly improved the reputation of the city as a partner to business and supporter of business growth.
2. Deepening the interaction between our economic development partners and leveraging skills across this collaborative team is vital to increasing our impact.
3. Moving beyond individual cases and identifying overall trends and potential for policy change will be an important part of our ongoing work.

As we continue this work, we will increase our focus and collaboration on the services provided to businesses rather than the volume of visits to ensure meaningful and quality interactions.



OFFICE OF ECONOMIC DEVELOPMENT

BUSINESS RETENTION AND EXPANSION 2010 REPORT



Creating a Sustainable Economy with Shared Prosperity

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Photos: Lydia Daniloff, PATH/Mike Wang, Cascade Designs, Sean Airhart/NBBJ, Lydia Daniloff

Overview of OED Business Retention & Expansion Program

Seattle's Office of Economic Development (OED) is serious about helping businesses grow and compete. Our office is focused on retaining and growing early-stage and existing businesses, which is what economic development experts agree is the most effective way of supporting entrepreneurs and economic growth. To achieve our goal of growing Seattle-based companies, OED prioritized direct support to individual companies to help them access capital, expand into new markets, and navigate government.

A critical component of OED's approach in 2010 was to conduct industry visitations with businesses throughout Seattle. OED issued a Request for Proposals (RFP) soliciting bids from qualified organizations to help conduct these visits to businesses to further our reach. The organizations selected as our partners for the program were: The Downtown Seattle Association (DSA), The Environmental Coalition of Seattle (ECOSS), enterpriseSeattle, The Manufacturing Industrial Council (MIC) and The Washington Biotechnology and Biomedical Association (WBBA).

This collaboration of the growseattle Business Retention and Expansion Program provided direct assistance and case management by performing the following tasks:

1. Counseling existing companies on business growth opportunities and helping leverage competitive advantages;
2. Connecting target industry businesses with other companies, organizations, and resources in the region essential to growing their business;
3. Visiting Seattle businesses in targeted industry sectors;
4. Identifying issues and trends impacting businesses, such as permitting, regulations, workforce development and general business climate issues; and
5. Coordinating with OED staff on the results of their business visits and identifying strategies to assist these companies, as well as identifying broader issues in the targeted sectors.



In order to strategically identify firms primed for growth, the following target industry sectors were a focus for the visits:

- Seattle Basic Industries: Manufacturing, Maritime, Logistics, and Shipbuilding
- Emerging Industries: Clean Technology, Energy, Life Sciences, and Global Health
- Central Business District: Retail, Professional Services, and Information Technology

The following is a summary of the visits conducted in 2010 by OED and its partners, issues discovered and resolved, industry trends, top policy opportunities to support growth in the targeted sectors, and success stories.

“I appreciated the OED and City Light staff who worked with us to find a creative solution to our electrical service needs in order to attract an additional tenant. The solution met the city's needs and helped to significantly lessen our costs. Listening to business' needs and finding solutions is an important part of responsive city government.”

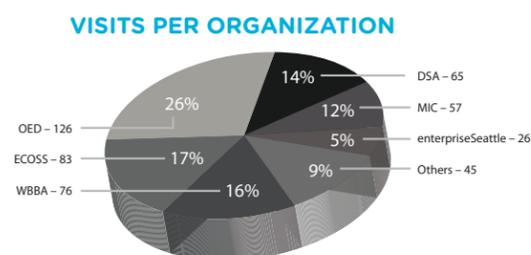
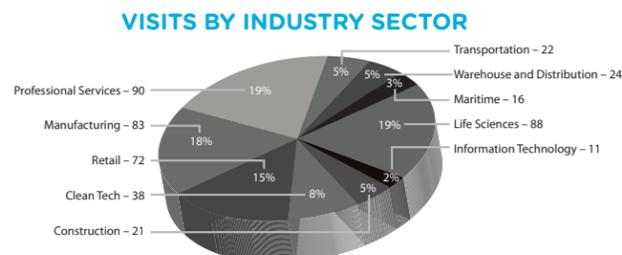
- Jim Ferguson, president, Ferguson Terminal

Business Visits

In 2010, we started the program in May, and targeted 500 businesses for industry visitations. OED and its partners conducted 478 visits, which is 96% of the 2010 targeted visits. The graph below shows the number of visits per organization.

Of the 478 visits conducted in 2010, 465 (or 97%) were conducted in the targeted industry sectors. 13 (or 3%) of the visits were conducted outside of the target sectors as a response to companies that contacted OED requesting direct assistance.

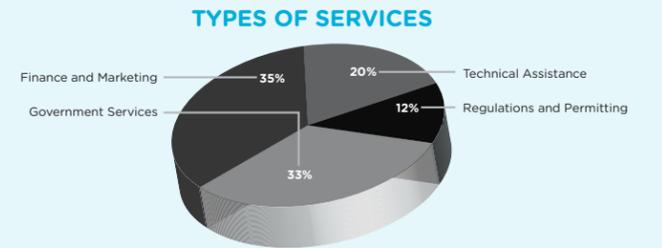
The graph below shows the breakdown of visits by industry sectors.



Key: OED - Office of Economic Development, ECOSS - The Environmental Coalition of Seattle, WBBA - The Washington Biotechnology and Biomedical Association, DSA - The Downtown Seattle Association, MIC - The Manufacturing Industrial Council, enterpriseSeattle, and Others - Healthy Foods Here program, HomeSight, and the Rainier Valley Community Development Fund.

Services Provided

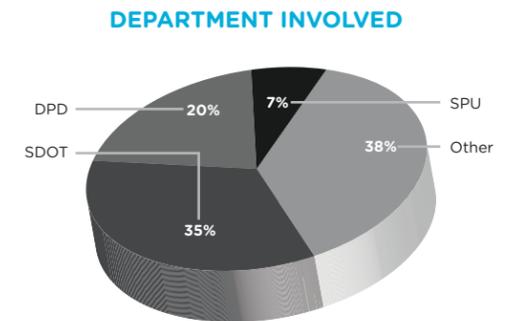
Based on the current recession, financing and access to capital made up a little more than a quarter of businesses' requests for service. Local government services was also an area where a large number of businesses requested assistance, mainly with help navigating government.



Finance and Marketing 35%	Government Services 33%	Technical Assistance 20%	Regulations and Permitting 12%
Financing	Local Government	Business Consulting	Environmental Services
Equity Capital	Public Safety	Entrepreneur Support	Permitting/Licensing
Domestic Marketing	State Government	Management	Foreign Trade Zones
Global Marketing	Roads/Parking	Workforce/Training	Health Regulations
Market Development	Transportation	Operations/Production	Zoning/Land Use
	Utilities	Product Development	

Customer Service

OED and its partners provided direct services to businesses by helping them access capital, expand into new markets, and navigate government. In order to better provide good customer service from departments throughout the city, OED formed a new Citywide Business Advocacy Team (CBAT) composed of key staff members from multiple city departments to help Seattle businesses navigate government services. The advocacy team helps to identify and correct systematic permitting and regulatory issues impacting business, and to develop solutions that cut across city departments. The majority of city issues identified in 2010 were referred mostly to Seattle's Department of Transportation (SDOT), Development and Planning Department (DPD), and Seattle Public Utilities (SPU).



Success Stories

Washington Biotechnology and Biomedical Association (WBBA) and OED led the official response to maintain ZymoGenetics' footprint in Seattle after **Bristol-Myers Squibb** acquired the company in October 2010. WBBA and OED drafted a letter signed by Governor Christine Gregoire, Mayor Mike McGinn, and Congressman Jay Inslee for the CEO of Bristol-Myers Squibb highlighting Seattle's strength as a leading life science center and how other large life science companies found it in their strategic business interests not only to retain a presence in Seattle, but also to continue investing in our dynamic community. In January 2011, Bristol-Myers Squibb announced it would maintain its presence here and retain approximately 275 former ZymoGenetics employees.

The city provided a Grow Seattle Fund loan to independent grocer **West Seattle Thriftway**. OED provided a \$1.98 million loan that the grocery store used to consolidate company

debt, freeing up cash flow to invest in energy-efficient upgrades, such as new LED lighting systems and refrigerator units. The project resulted in numerous public benefits including the retention of 120 local jobs and annual energy savings of over 596,042 kWh, or enough energy to power 45 single-family homes for an entire year.

Jim Ferguson requested OED's help with his efforts to add additional electrical service to a large warehouse located at **Ferguson Terminal** in Ballard to support an expanding industrial tenant. Because of the unique nature of the warehouse, utility poles, streets, and Seattle City Light policy, the total cost of the project jumped from \$50,000 to approximately \$300,000. OED reached out to a Citywide Business Advocacy Team member from Seattle City Light, who arranged an on-site meeting and determined a vault inside the warehouse was not necessary after all, saving Mr. Ferguson more than \$100,000.