

Office of Economic Development (OED) 2008 Accomplishments

1/21/09

OED: Connecting Business, Community and People

Mission: Creating Jobs and Opportunities for All

I. Goal: Business Development

Foster job retention and recruitment through advocacy and promotion of industry sectors

CITYWIDE

Business Attraction and Retention

OED directly assisted over 100 companies in Seattle's key industry sectors with permitting, site selection, and identifying funding sources. Highlights include assisting Alpha Cine secure funding to acquire a new location for their film processing headquarters and operations, and assisting Ballard Brass and Sea Freeze Cold Storage resolve permitting issues impacting their industrial operations.

In addition, in partnership with OED, economic development partner enterpriseSeattle assisted over 200 Seattle companies and organizations in 2008, including: McKinstry, Blue Sky Cleaners, Cyvolt Energy Systems, Vu1 (clean technology), Oxygen Learning, NC Soft (information technology), Pacific Northwest Research Institute, Recodagen, Kineta Inc. (biotechnology/life sciences), LaFarge Cement, and Fuji Foods (industrial). Two recent highlights include enterpriseSeattle assisting the EWC Group, an electronics recycling company, find a new location in South Seattle, and helping Seattle-based New Earth Renewable Energy (who recently secured \$300 million in new investment) enter into a partnership with McKinstry to build green building facilities around the country.

In 2008, enterpriseSeattle enhanced its support for women and minority-owned businesses. In particular, they are witnessing increased activity in clean technology, and they are currently assisting 15 women and minority-owned clean technology companies, including New Earth Renewable Energy.

In 2007 and 2008 combined, enterpriseSeattle's business retention and attraction work in Seattle has directly created and/or retained 1,431 jobs. Based on the IMPLAN economic impact assessment model, this activity represents \$233.5 million in economic impact and an estimated \$7.93 million in tax revenue for the city.

South Lake Union

OED continues to manage the South Lake Union Construction Coordination Inter-Departmental Team. The team is responsible for resolving permitting and construction issues that impact development in and around South Lake Union.

In 2008, the team focused its efforts on amazon.com's new world headquarters. When complete, the headquarters will span six blocks in South Lake Union, including 1.6 million square feet in eleven buildings. The first four buildings are scheduled to be occupied in May of 2010. More than thirty substantive permitting issues were resolved by the team in 2008. Vulcan and its partner developer, Schnitzer West, report that they are receiving excellent customer service from the city.

OED has also been working with the Bill and Melinda Gates Foundation to address permitting and construction issues for its new world headquarters. The headquarters will consist of two six-story office buildings, an entrance pavilion, a convening center, and a visitor center, located on twelve acres just east of Seattle Center. The headquarters is scheduled to be completed in late 2010.

Together, it is estimated that the two headquarters will accommodate approximately 7,200 jobs (retained and expanded) in and around South Lake Union.

Business Advocate

The Mayor's Business Advocate continued to assist small businesses and helped 80 businesses in 2008. Many of these businesses needed assistance navigating the various permitting processes within the city. In 2008, the Business Advocate began working on permit process reforms. The Street Improvement Permit process in Seattle's Department of Transportation and the integration of Seattle City Light into the development permit process were the two large projects. Both projects are well into implementation, and OED continues to work with the Mayor's Office and monitor the progress and keep them on track. Reforming our various permitting systems to make them less costly, more timely, and predictable, will keep Seattle's development community vibrant, competitive, and able to create more jobs in this period of economic downturn.

Industrial Attraction & Retention Cases

OED and its partners – *Department of Planning & Development's Industrial Permit Liaison, Seattle First, enterpriseSeattle, and the Environmental Coalition of South Seattle (ECOSS)* - provided direct services to more than 100 industrial businesses in 2008, including: Darigold, Kvichak Marine, Western Towboat, Lakeside Industries, and Stabbert Maritime.

OED spent considerable time in 2008 working on two related issues regarding National Oceanic and Atmospheric Administration's (NOAA)'s Marine Operations Center Pacific (MOC-P) in South Lake Union. First, OED helped the property owners to coordinate city, state, and federal permits to rebuild their facility. Two piers and two shore side buildings at MOC-P were destroyed in a fire on July 4, 2006. The permits were completed in record time and OED was praised by the owners for their work with the Army Corps of Engineers and NOAA Fisheries.

OED also assisted the owners of the current NOAA facility in their efforts to keep NOAA in Seattle for the long-term. Specifically, OED worked with other city departments

(Office of Intergovernmental Relations, Fleets and Facilities, and Office of Policy and Management) to explore every opportunity to reduce the property owners risk to rebuild without a long-term lease from NOAA. OED also provided support to the owners in their efforts to secure a long-term lease with NOAA at the current facility.

Promoting Clean Technology Industry Sector

OED secured a \$100,000 Economic Development Administration (EDA) grant to implement a strategy to increase commercialization of clean technology research.

OED co-produced "Evergreen: The Washington Clean Tech Story", a documentary film that highlights Seattle's and Washington's leadership in clean tech. The documentary included interviews showcasing the Mayor's leadership, Pearl Jam's environmental activism, and several Seattle clean technology companies, including McKinstry, Mithun, Modumetal (a former Mayor's Small Business Award Winner), and NewEarth. OED was a primary sponsor of the film, which was produced by the Washington Clean Technology Alliance (WCTA); over 300 people attended the premiere screening. An online video archive of footage and interviews with the Mayor, the Seattle companies noted above, green collar workers, and other Washington clean tech leaders are available at www.evergreenfilm.org. OED will work with the WCTA to develop Seattle-focused vignettes to market Seattle's clean tech leadership.

OED also co-sponsored the first-ever Green Industrial Business and Career Expo at the Puget Sound Industrial Excellence Center in Georgetown. Cosponsors included the Manufacturing Industrial Council, the National Wildlife Federation, the Seattle Community College District and the King County Labor Council, AFL-CIO. The Expo highlighted: industrial business and career opportunities now being created by greener products and processes; developments taking place in renewable energy involving algae, geothermal, solar, wind and tidal resources; industrial innovations to reduce seaport diesel emissions; energy-related education and workforce needs and opportunities, and strategies for industrial firms to save energy while reducing carbon footprints.

OED sponsored a national clean and renewable energy conference organized by the American Council on Renewable Energy in October, 2008. The conference attracted hundreds of clean tech entrepreneurs and investors across the nation to Seattle.

Seattle's Film Industry

365 productions were permitted to shoot within the City of Seattle in 2008, up 36% from 2007 and continuing an upwards trend over the past few years. On average, at least one film crew was shooting every single day of the year. Additionally, fifteen feature films shot in Seattle in 2008, four of which were major incentive-qualifying productions that spent an estimated \$16 million in our city's economy and provided approximately 400 local cast/crew positions at union wages.

Wrapping up a perfect end to a trend-changing year in Seattle film, a historic three Seattle-made films are included in the 2009 Sundance Film Festival lineup. The films

include two Seattle based filmmakers and one out of state filmmaker that was brought to Seattle from a Los Angeles sales trip in 2007.

The Mayor supported film in Seattle by:

- Lobbying Olympia to pass a House Bill to enhance the state film incentives, which was passed unanimously and signed by the Governor in March. The bill removed the cap for funding productions and continues with a 100% tax credit for WA Corporations who contribute to the fund.

Seattle's Music Industry

Seattle music enjoyed a great year in 2008 with more live music, more recorded music and more local music being sold and heard around the world than ever before. The updated economic impact study showed Seattle music's economic impact - as measured by sales and labor income - have steadily grown since the last study with sales increased by 17%, labor income by 72%, and earnings per worker by 75% to \$43,691 annually. In 2008, the music industry in Seattle directly created 11,155 jobs, with 2,618 businesses generating an annual \$1.2 billion in sales and \$487 million in earnings. It is estimated that the industry in Seattle generates \$90 million annually in state and local sales and B&O taxes.

Other Seattle musical highlights include Seattle Grammy nominations in all genres of music, Seattle performers Death Cab for Cutie's album charting to #1 on Billboard, and the Fleet Foxes, who topped almost every "album of the year" list.

The Mayor supported music in Seattle by:

- Celebrating Sub Pop Record's 20th Anniversary and Proclaiming the weekend festival, Sub Pop's "Utterly Lost Weekend"
- Announcing the City of Music Initiative
On October 29th, the Mayor launched the Seattle City of Music Initiative, which has served the city well in creating new excitement and interests in Seattle's music scene. There was overwhelming support for the City of Music initiative and the Admissions Tax Exemption by the local press, with endorsements from the likes of the Seattle Times', "...the [ad tax exemption] money has the feel of an investment, not a loss to the treasury." The national press exposure has also been overwhelmingly successful. Notable coverage includes The Wall Street Journal, Pitchfork, Idolator, Yahoo, Mog, and many papers from other cities across the country. Great quotes include: "Austin's the live music capitol of the world. Nashville is home to country and Seattle, well, it's just grabbing the overall title when it comes to music." "I think this is a great plan and all cities should follow suit." "So, why not Portland?"

II. Goal: Workforce Development

Improve access to jobs and skills training for low income workers

CITYWIDE

Research indisputably shows that attainment of a credential beyond high school, even a one-year vocational certificate or two-year associate degree, has the greatest impact on the socio-economic future of someone in poverty.

OED's goal is to increase the labor market relevance of adult workforce education and training by aligning our investments to support achievement of a credential beyond high school that is valued by employers, training that is aligned with high demand jobs, and family-sustaining wages. In order to achieve these goals, we have worked closely with, and invested in, the Funders Collaborative and Seattle Jobs Initiative, as well as working with partners to create Green Job opportunities.

The Funders Collaborative

The Collaborative has raised about \$2 million in capital to demonstrate new approaches that work toward OED's stated goal above.

OED and our partners:

- Are investing \$600,000 in community colleges in King County to design and deliver new programs that are specifically suited to getting low-skilled working adults trained in order to obtain a family-wage job through completion of a post secondary degree. Eight proposals have been submitted.
- Are designing and capitalizing a fund that will pay for emergency expenses of a low-skilled adult who is on the path to a post secondary degree or certificate that leads to a good paying job in demand by employers.
- Are granting \$50,000 to Service Employee International Union (SEIU) and the Washington State Hospital Association to design new career pathways that will recruit entry level hospital and home health care workers and help them earn credentialed professional jobs in hospitals.
- Are negotiating with major industry sectors to establish partnerships that will lead to direct private sector investments in the advancement of low-skilled entry level and incumbent workers.

Seattle Jobs Initiative

In 2007, Seattle Jobs Initiative (SJI) celebrated its first decade of opening doors to living wage careers for low-income city of Seattle residents. More than 5,500 residents have been placed. In partnership with South Seattle Community College and other area community colleges, SJI is striving to train residents for good paying careers.

From 2002-2008, Seattle Jobs Initiative has placed 3,270 individuals with the average starting wage of \$11.11/hour. In 2008 alone, Seattle Jobs Initiative placed more than 315 low-income individuals in good-paying, full-time permanent jobs, the majority with benefits, with the average starting wage at \$11.89/hour.

Green Jobs

OED is funding curriculum development and implementation of an industry-recognized energy efficiency career pathway at South Seattle Community College's Puget Sound Industrial Excellence Center (PSIEC). The training program starts at basic education

level and ends in industry certification (energy auditor) and plans to recruit at least 45 individuals (with a priority focus on low-income, low-skilled students) and begin training in 2009. This will be the state's only community college training program specifically focused on energy efficiency.

With the Seattle King County Workforce Development Council, OED is researching and funding development of a curriculum to meet the high demand in the commercial energy efficiency sector (helping support companies like McKinstry, Siemens, etc.). Seattle is uniquely positioned to be a leader in this sector.

OED has also developed a Green Jobs Strategy matrix, showing areas of investment for training and demand. In so doing, we expect to be well-positioned for the new administration's stimulus package. This strategy also coordinates, and builds on, existing capacity making for the most cost-effective outcomes.

III. Goal: Community Development

Manage key initiatives to spur the revitalization of targeted neighborhood commercial districts and support business districts citywide

CITYWIDE

A targeted community development strategy is focused on taking a comprehensive approach to the physical, economic, and social needs to build the overall quality of life and economic opportunity for the city's residents. Central to this approach is the revitalization of neighborhood commercial areas, because it creates jobs for local residents, acts as an incubator for small businesses, provides goods and services to the local market - thereby keeping local dollars in the community - and improves the overall image of the city's neighborhoods as an active and vital place.

Neighborhood Business District Support

OED awarded over \$157,000 in Neighborhood Business District Awards to 18 business organizations to build the necessary foundation and infrastructure for neighborhood businesses to achieve and sustain commercial vitality. Business organizations in the Rainier Valley, Central District, Pioneer Square, Columbia City, Chinatown International District, and SODO were also among the districts completing projects during 2008, which included marketing for Pioneer Square's *First Thursday Art in the Park*, refurbishing tree pits in Columbia City, sidewalk pressure washing in the Chinatown International District, and the development of a Green Guide for Businesses in SODO.

OED also supported Neighborhood Business Districts through a website development program with NPower Seattle. During 2008, five business organizations launched websites developed by NPower, including the Uptown Alliance, Upper Queen Anne Merchants Association, Central Area Chamber of Commerce, International District Housing Alliance, and the Rainier Chamber of Commerce.

Targeted Commercial District Revitalization

In 2008, OED redirected and re-energized the Community Development Corporations (CDCs) and Impact Capital to create new initiatives for revitalizing targeted commercial districts. Multi-year action plans were developed for 8 commercial corridors including; King Street in the Chinatown/International District, Jackson Street in the Central Area, 12th Avenue in Capitol Hill, North Rainier, Rainier Beach, MLK and Othello, White Center and the Brandon Node in Delridge.

As a result of this new focus, businesses and residents near Othello Station are organized and ready to implement recommendations from the retail and marketing study commissioned by OED; CADA has quickly shepherded a BIA proposal for Jackson Street to the petitioning stage; and SCIDPDA and Inter*Im are working together to implement a multi-faceted strategy targeting King Street as the heart of the International District. These are just a few of the highlights of some exciting new work.

Business Improvement Area (BIA) Formation

During 2008, OED assisted property/business owners in Capitol Hill, Columbia City, Lake City and Jackson Street in the Central Area to develop proposals to create Business Improvement Areas. Legislation for the Columbia City BIA was approved by City Council on January 20, 2009, resulting in the first new BIA established in the city since 1999. Lake City is currently petitioning property owners and has support representing about 50% of the total assessment so far. Jackson Street has just completed developing their proposal and will begin petitioning in January 2009.

Farmers Market Support

OED worked with Parks and SDOT to develop a new streamlined permit process with reduced fees to make it feasible for Farmers Markets to use city property in neighborhood business districts.

OED facilitated the move of the Lake City Farmers Market to a new site in the Lake City Civic Center, utilizing a street closure on NE 28th Street and part of Albert Davis Park. The first season at the new location resulted in a 49% increase in the shopper count and a 32% increase in total sales. The year end newsletter from the Neighborhood Farmers Market Alliance reports, "Any misgivings or anxiety we had about moving the Lake City market disappeared . . . when record crowds showed up to enjoy the market in its beautiful new park and street setting...Lake City is reborn!"

OED provided operational funding to the Neighborhood Farmers Market Alliance to support seven markets throughout the city. NFMA reports 325,290 shoppers and sales of \$6,620,950 at their markets in 2008. This is a 29% increase in shoppers and a 30% increase in sales by farm vendors as compared to 2007.

Support for Small Businesses

OED's community partnerships with Community Capital Development and SCORE provided in-depth technical assistance to over 700 Seattle businesses and loans totaling nearly \$1 million dollars to 21 start-up and small business entrepreneurs in

2008. This support resulted in the retention of 42 jobs, the creation of 32 jobs, and the launch of eight new ventures.

BROADWAY / CAPITOL HILL

Broadway Economic Vitality Action Agenda

OED invested \$175,000 in the revitalization efforts for the Broadway and Capitol Hill business community. OED, Capitol Hill business and community leaders, and the Capitol Hill Chamber of Commerce are in the final stages of implementation of the Broadway Action Agenda.

Efforts in 2008 included community clean-up campaigns in the Spring and the Fall to upgrade and maintain the appearance in Capitol Hill's business districts; work on the formation of a Capitol Hill Improvement District; and a finalized agreement with Sound Transit regarding mitigation for businesses during light rail station construction. Work continues focused on transit-oriented development and integrating the new light rail station into the broader revitalization vision for the neighborhood. The Capitol Hill Chamber of Commerce now has 160 dues-paying members and is spearheading a branding effort to market the neighborhood during the construction of the light rail station.

INTERNATIONAL DISTRICT

Investing in Community Projects

OED provided \$15,000 to the Chinatown International District BIA to invest in the development of the Night Market. There were three Night Markets held in August, 2008 drawing approximately 8,000 visitors with 19 market vendors reporting over \$11,000 in sales and neighborhood businesses reporting brisk business on market nights.

Bush Hotel

OED provided \$2 million in Section 108 loan funds and federal brownfields grant funds for rehabilitation of the Bush Hotel. The city's investment leveraged over \$6.5 million in additional private investment and will result in the rehabilitation of 26,000 square feet of commercial space and creation of at least 41 new permanent jobs.

SOUTHEAST SEATTLE

Real Estate Investment

Chubby & Tubby

City Council approved a \$2.15 million Section 108 loan to SEED, financing redevelopment of the former Chubby and Tubby hardware store/warehouse. The project will result in 68 units of workforce rental housing (between 60-80% median income) and 5,000 square feet of commercial space.

Alpha Cine

City Council approved a \$3,785,000 Section 108 loan to Alpha Cine, financing the company's acquisition of its new manufacturing facility in Southeast Seattle and refinancing prior debt. The company's current lease in the Denny Triangle

neighborhood is expiring, and the loan will make it feasible for the company to remain in Seattle. The project will result in the retention of 31 livable wage jobs, increased commercial activity in Southeast, and increased revenues in the film industry.

Neighborhood Business Assistance

In 2008 OED funded the start-up development of the African Business Association through a Neighborhood Business District funding award of \$10,000. The new business association bought a laptop computer, rented a PO Box, purchased business cards and letterhead, and hosted an outreach event to recruit new members.

OED also provided counsel on the development of the MLK Business Association and the Columbia City BIA.

Rainier Valley Community Development Fund (RVCDF)

Supplemental Mitigation

In 2008, \$2.9 million in mitigation payments were disbursed to 73 businesses. As of December 2008, the cumulative total disbursed by the RVCDF is over \$15 million to assist 178 businesses impacted by light rail development along the light rail alignment. Of the 310 original businesses on MLK before construction, 74% are still in business.

Business Development

In 2008, the RVCDF provided three loans totaling \$700,000 that will help the businesses to expand and create 10 new jobs. The RVCDF developed a new loan feature to allow business owners with religious restrictions on borrowing to access credit. The loans provided were:

- Universal Transport and Translations – a business owner severely impacted by light rail construction started a new transportation service and expanded with this loan.
- Kate Quinn Organics – a small clothing designer and manufacturer located in Hillman City that sells worldwide and wants to launch a new line.
- Filipino Community – purchased a house adjacent to the Community Center to relocate its senior programs. This will allow FCC to expand its hall rental revenues.

To date, the RVCDF has provided \$860,000 in business loans.

Physical Development

In 2008, RVCDF provided \$2.34 million to support the Family Services' Rotary Center for Families in North Rainier. The RVCDF has also approved a \$900,000 predevelopment and acquisition loan to Urban Impact, which is slated to close in January. Urban Impact has been operating a small gym for low-income people and wants to expand into a new mixed-use building that combines affordable housing with a comprehensive health facility. To date, RVCDF has funded \$5.8 million in real estate projects.

Strategic promotion and publicity of Mayor's economic development agenda

KEY COMMUNITY & MEDIA EVENTS

Google Fremont Open House (1/15/08)
Professional Convention Management Association's 2008 Annual Meeting (1/16/08)
enterpriseSeattle Economic Forecast Event (1/17/08)
University District Chamber Nickels Award Event (1/22/08)
State of Downtown Event (2/7/08)
Blessing of the Fleet (3/9/08)
Traveling Movie Shoot (3/12/08)
Greater Seattle Chamber: Austin Inter-City Trip (3/08)
Starbucks Pike Place Roast Event (4/8/08)
West Seattle Chamber Meeting (4/9/08)
Seattle Hotel Association Meeting (4/16/08)
Broadway CHID Kick off Event (4/17/08)
Chinatown ID Spring Clean Event (4/19/08)
Farmers Market Columbia City Press Event (4/30/08)
Neighborhood Business District Funding Awards Event (5/8/08)
African American Prosperity Partnership Trade Conference (5/9/08)
Seattle International Film Festival (SIFF) Opening (5/22/08)
University Rotary Meeting (5/30/08)
Southeast Seattle Open House (5/31/08)
Alaska Chamber of Commerce Event (6/4/08)
Pike Place Market First Farm Event (6/4/08)
Lake City Farmers Market Opening (6/5/08)
Rainier Chamber Annual Luncheon: State of Southeast Seattle Speech (6/5/08)
Washington Restaurant Association (7/2/08)
Alki Foundation (7/7/08)
Sub Pop 20th Anniversary (7/10/08)
West Seattle Walking Tour with OED Director (8/15/08)
Evergreen: Washington Clean Tech Story Documentary Filming (8/20/08)
U-District Farmers Market 15th Anniversary Celebration (8/23/08)
Mayor's Small Business Awards (9/11/08)
City of Music – Admissions Tax Announcement (9/17/08)
Greater Seattle Chamber's Annual Meeting (9/19/08)
Macrina Bakery SODO Facility Grand Opening (10/7/08)
Seattle Steam Event (10/7/08)
Seattle Jobs Initiative 11th Anniversary & Graduation (10/8/08)
Green Industrial Business & Career Expo (10/10/08)
American Health Information Management's 80th Annual Convention (10/13/08)
Uwajimaya 80th Anniversary (10/15/08)
Greater Seattle Chamber's Leadership Conference – Global Health (10/22-24/08)
Neighborhood Business District City Tools Workshop (10/17/08)
American Council on Renewable Energy Finance Forum (10/28/08)
City of Music Roll-out Press Event (10/29/08)
The Whole Truth Film Set Visit (10/30/08)
Grammy Music Tech Summit (11/6/08)
South Lake Union Chamber Awards Banquet (11/6/08)
Cascade Area Business Neighbors (CABN) Meeting 11/7/08
Jacksonville Chamber Event (11/12/08)

Eat Local Farmers Market Event (11/15/08)
Evergreen: Washington Clean Tech Story Documentary Premiere (11/20/08)
Manufacturing & Industrial Council (MIC) 10th Anniversary Event (12/3/08)
Lake City Chamber Holiday Event (12/10/08)
Greater Seattle Chamber's Public Officials Reception (12/11/08)

❖ **Pro-actively supported the Mayor's Race Relations / Social Justice Initiative**

CITYWIDE

Race and Social Justice Initiative (RSJI)

Conducted all staff RSJI Retreat, focusing on transformative leadership. Developed innovative RSJI programming series on the intersection of race and public education in Seattle.

WMBE Vendors

OED is pleased to report that almost 28.28% of its 2008 discretionary purchases occurred through WMBE vendors, far exceeding the citywide goal of 14%. OED continued its proactive outreach efforts in 2008, resulting in no fewer than three new WMBE vendors recruited to self certify in the city system.