



City of Seattle
Office of Economic Development

Memo

Date: December 4, 2012

To: Councilmember Sally Clark
Councilmember Tom Rasmussen
Councilmember Richard Conlin
Councilmember Jean Godden

CC: David Yeaworth, Legislative Assistant to Councilmember Sally Clark

From: Steve Johnson, Office of Economic Development
Roque Deherrera, Office of Economic Development

Re: Industrial Development Pilot Program Update

Background

The Puget Sound Region and King County are uniquely positioned to improve their status as a world leader in the design, manufacturing, and export of locally made products and services. Success of the region's manufacturing and maritime industry sectors is essential in retaining and creating living-wage industrial jobs, and in maintaining a diverse regional economy.

The Seattle-King County area is home to the nation's 9th largest industrial base, representing 12% of all private sector jobs. In Seattle alone, manufacturing and maritime businesses support more than 90,000 jobs, generate \$6 billion per year in taxable retail sales, and contribute over \$37 million per year in B&O taxes. Industrial businesses have been resilient during the economic downturn, but need support to remain globally competitive.

Partnership with King County and Washington State

In support of the region's industrial economy, Washington State, King County, and the City of Seattle partnered to launch the Industrial Development Pilot Program. The goal of the program is to encourage industrial investment by offering regulatory and policy flexibility, financial incentives, and/or workforce training in support of selected projects.

Industrial Development Pilot Program Request for Concepts (RFC)

On August 24, 2012, Washington State, King County, and the City of Seattle issued an RFC (attached), asking industrial business and property owners in the City of Seattle and unincorporated King County for their ideas on how government could support their growth. The RFC offered regulatory, policy, financial, and workforce incentives in support of selected projects. At a minimum, selected projects must meet all of the following three criteria:

1. Will result in a positive measurable economic benefit (e.g., new jobs that support or lead to self-sufficiency¹, increased revenues, increased exports, operational efficiencies, market expansion, etc.);
2. Will result in equal to or better measurable environmental performance than would result from current regulations (e.g., reduced air emissions, improved stormwater management, etc.);
3. Will be located on industrially zoned land within unincorporated King County, WA or the City of Seattle.

Responses to Request for Concepts

Three responses were submitted in response to the RFC:

Building Code Changes to Support Expanded Port Terminal Facilities

Description:

- a. Request for changes to seismic regulations contained in the Seattle Building Code;
- b. Code changes would allow the Port of Seattle to upgrade their facilities so they can serve larger container ships, allowing them to better compete with other West Coast ports;
- c. Cost savings resulting from code changes would range from \$94 Million to \$658 Million;
- d. Port estimates that resulting port activity would result in thousands of new jobs and more than \$1 Billion in annual economic benefit.

Department of Ecology (DOE) Clean-Up Standards in Industrial Zones

Description:

- a. Request for day-care-center-related changes to either DOE cleanup requirements or City of Seattle Land Use Code;
- b. Because the Seattle Land Use Code allows for day care centers in industrial zones, DOE requires industrially zoned sites undergoing development to be cleaned up residential cleanup levels instead of industrial cleanup levels. This requirement applies even if a day care center isn't being proposed.
- c. Difference in clean-up costs at proposal site is between \$2 Million and \$3 Million.

Alternate Approach to Stormwater Regulation

Description:

- a. Request for the City of Seattle and Washington State to consider a new approach to stormwater treatment and compliance;
- b. New approach would move stormwater compliance from a site-by-site approach to a basin-wide approach, where permitting, treatment, and testing would occur at a joint treatment facility;
- c. New approach could lower the per-business cost of stormwater treatment and improve environmental results.

¹ According to the King County Workforce Development Council's Self-Sufficiency Standard www.seakingwdc.org/pdf/ssc/SelfSuffStandardReport_11_web.pdf

Schedule

RFC Published in Daily Journal of Commerce	August 24, 2012
Question and Answer Meeting #1	September 17, 2012
Question and Answer Meeting #2	October 4, 2012
Responses Due	November 5, 2012
Internal Vetting	Mid November, 2012
Outreach to Stakeholders and Technical Experts Regarding Potential Selections	Late November/Early December, 2012
Staff Make Selection Recommendations to Mayor, Executive, Governor	Week of December 10, 2012
Pilot Projects are Selected for Further Analysis	December 18, 2012
State, County, and City Work Plans to Advance Pilot Projects are Defined	1 st quarter 2013