



City of Seattle
Office of Economic Development

Memo

Date: December 3, 2013
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, Director, Office of Economic Development
Re: Office of Economic Development Director's Report

Investing in Businesses: OED 2013 Results by the Numbers (as of 10/31)

Loans	<ul style="list-style-type: none">Year-to-date, OED and its partners have lent \$8.7 million to 5 businesses creating and retaining 109 jobs.
Company visits	<ul style="list-style-type: none">315 companies have been visited by OED staff and our partners.Targeting 500 business visits in 2013.
Businesses assisted	<ul style="list-style-type: none">176 businesses were connected with resources or were helped with a permitting or policy issue.Targeting 250 businesses to be connected with resources in 2013.
Permits Issued	<ul style="list-style-type: none">349 film permits and 333 special events permits for a total of 682 permits issued.Targeting the issuance of 700 permits in 2013.
Pathways to Careers	<ul style="list-style-type: none">4196 low-income individuals receive career planning and related support services.1016 students enrolled in adult education and training (since beginning of school year, Sept 2012).588 students have completed training this year492 of program participants placed in jobs.125 individuals enrolled in Career Bridge.

Alpha Cine Update – Alpha Cine, a motion picture film lab in Seattle and 108 Loan recipient, closed its doors in November due to ramifications from the recession and significant changes in the film industry. The City has been closely monitoring Alpha Cine, since their struggling performance was first brought to our attention in 2011. A receiver, Scott Scher of Pacific Receivers, was appointed on Oct 31 to liquidate the real estate for the benefit of the City and Grow America Fund as co-lenders. Based on the current assessed value of the property, the City is projecting an almost \$1.3 million loss on the loan. HUD has been notified and we will continue to work with them through the liquidation process.

CDBG Small Business Lending – OED recently issued a Request for Qualifications (RFQ) seeking one or more community lenders to use \$375,000 of the City’s Community Development Block Grant (CDBG) funds for providing small business loans. OED has selected Community Capital Development as the lender and expects them to begin making loans in January 2014.

Only in Seattle Initiative Grant Program – 23 business districts have applied for various components of the 2014 *Only in Seattle* Initiative. This includes 20 action plan grants, 4 façade grants, 3 requesting organizational development, 11 requesting BIA support, 10 interested in the Cultural Place-Making services of the Office of Arts and 7 projects in city right-of-way. Applicants presented their proposals to the review committee November 18th – 22nd. The review committee included City staff from OED, DON, SDOT, and DPD, as well as representatives from Impact Capital and the Seattle Foundation. OED is currently developing funding recommendations for the Mayor’s approval. The grants are annual, beginning in January 2014.

Firefly Kitchens – OED’s Lance Randall and Diana Sasser of the National Development Council met with Richard Climenhage of Firefly Kitchens to discuss his plans to expand operations. Firefly Kitchens is currently located in Ballard and processes fermented food products (such as kimchee and sauerkraut). Their sales have increased by 40% and their current location is too small to handle the growth. Lance is assisting the company with finding a new location and Diana is putting together a loan application for equipment and working capital. The relocation is scheduled to take place sometime during the first quarter of 2014.

Built For Man – Lance Randall met with Francisco Hernandez of Built For Man. This company manufactures and designs men’s high end apparel from a location on Capitol Hill. Francisco would like to expand by adding a retail area and increase his inventory for more production. He is interested in getting a loan through the Grow Seattle Fund for working capital. A meeting has been scheduled with the National Development Council.

Glassy Baby – Glassy Baby called OED for assistance with a power shut-off conflict with Seattle City Light (SCL). Originally, it was thought that the outage was necessary to power a new building near Glassy Baby’s headquarters and factory in Madrona. Glassy Baby didn’t object to the outage, but did ask if SCL and the developer could delay the outage until after the holiday shopping season. Richard Morales of SCL saved the day by finding a solution that allowed the new building to be powered without shutting off the power to Glassy Baby. Glassy Baby and the developer couldn’t be happier with the City’s response.

In Good Company Business Recognition Program – In the spirit of Halloween, the Mayor and OED recognized Zombie Orpheus Entertainment (ZOE) as part of the *In Good Company* business recognition program on October 31st. They were recognized for their innovative business model, commitment and engagement of their audience, and their support of Seattle's local film industry. Besides producing entertaining films and web series, ZOE has provided jobs to local cast and crew members at livable wages, and created a career pipeline for local film students with comprehensive internship programs.

Construction at 10th & Pike – Construction projects near the corner of 10th Ave and Pike St. on Capitol Hill have caused many small business tenants to complain about the disruption. OED has fielded multiple calls from tenants and a building owner about complaints concerning Seattle City Light (SCL) project schedule communications, parking issues, and what the City can do to possibly mitigate these impacts. A few small businesses have also contacted Council President Sally Clark directly about their concerns and CM Clark organized a meeting on the

site for the businesses to talk to her and staff from OED, SCL, and SDOT. The Citywide Business Advocacy Team (CBAT) has discussed this situation and is researching the various outreach procedures that the utilities use on construction-related projects with a goal to making communication practices coordinated, clear, and timely in the future. Steve Johnson and Karl Stickel joined CM Clark for a tour of impacted businesses on Tuesday, November 26th.

Golden Lasso – Lance Randall met with Philip Shaw of Golden Lasso in Capitol Hill to discuss the lack of communication regarding construction in the area. His firm has experienced unannounced power outages, parking issues and excessive noise and has not been able to get the City to respond to his complaints. Lance gathered information on the issues and the names of the project managers for the construction firms doing the work. OED staff is working to figure out a way to improve communication between the construction companies, the City, and the businesses to minimize the impact the construction projects are having in the area.

Public Safety Issues in SODO – Roque Deherrera joined Filson's Director of Human Resources, Jeff Long of the SODO BIA, and Washington State Representative Reuven Carlyle to discuss a string of recent public safety incidents in SODO. Specifically, a number of Filson's female employees have been followed, threatened, and/or harassed during their commute to and from the SODO Link Light Rail Station and Metro bus stops along 4th Avenue South. We have since learned that similar incidents have been reported by Outdoor Research, and we suspect there are more. Roque will work with SPD, the SODO BIA and Filson to convene a larger group of SODO businesses to better understand the issues, brainstorm solutions, and to develop a strategy to engage the SODO Business Association, private firms, King County, the City of Seattle in making SODO safer for its employees.

Ethiopian Business Owners Meeting – Roque Deherrera joined DON in a meeting they convened with approximately 25 Ethiopian business owners in the Central District. The purpose of the meeting was to introduce the 23rd Avenue Action Plan, determine if any of the business owners wanted to participate in the 23rd Ave Advisory Core Team (ACT) and/or Business Action Team, educate them on OED's *Only in Seattle* program, and offer OED's menu of business services. DON did a great job of organizing; this was the first time this group of business owners had met with each other. The group was pleasant enough but generally distrusting of the City of Seattle. The group was appropriately focused on the threat of displacement and gentrification that is likely to occur with new development. Roque will follow up with Cherry Cayabyab (DON) and Nora Liu (DPD) on some specific suggestions to address business displacement. Roque will also visit with three of the business to further discuss how OED can help sustain and grow their businesses.

Riley Athletics – Lance Randall met with Ryan Riley of Riley Athletics, a personal training studio located near Lake Union. Ryan is having issues with vagrants hanging around the back of his studio using drugs and leaving paraphernalia and trash behind his building. He would like the City to clean up behind his building to stop the activity and to take a look at doing some repairs on the street. Lance is working with SPU to address these issues for Riley.

Sound Advice Cellular – Lance Randall and Diana Sasser of the National Development Council (NDC) met with Mike Ellis of Sound Advice Cellular. Mike's company, located in West Seattle, is the oldest authorized independent Verizon dealer in the country. His business is growing very rapidly and he needs to increase his inventory. In order to do so, Mike would like to consolidate some debt and acquire some additional working capital. He was introduced to the Grow Seattle Fund as an option to meet his goals. Mike is in the process of submitting documents to the

NDC to see if he qualifies for a loan. In addition to increasing his inventory, Mike may be able to hire some additional employees.

El Portao Coffee Roasters and Café – Andres Mantilla, Lance Randall and Diana Sasser met with Ignacio Ventura, the owner of El Portao Coffee Roasters and Café in the Central Area. Ignacio and his wife started their business earlier this year and have not generated the amount of customers they need to keep the business going. The café roasts coffee from Mexico and serves authentic Mexican pastries. After meeting with Ignacio it was determined that he needed some technical assistance to develop a marketing strategy to grow his customer base. He has been referred to OED contractor Darryl Russell of the Russell Group for assistance with developing the strategy.

Investing in Seattle's Economic Strengths

Economic Development Commission – OED staffed the fourth meeting of the Economic Development Commission November 7th. The Commission reviewed and affirmed a series of recommendations and leadership roles the Commission can fill to advance the vision and areas of strategic focus outlined by the Commission. Between now and the end of December 2013, the Commission and OED staff will solicit feedback from policymakers and key stakeholders to address outstanding questions on the recommendations and finalize the Commission's economic development agenda.

National League of Cities Panel: Making Your City More Business Friendly – Steve Johnson participated on a panel discussing ways to make your city business friendly. His presentation summarized the elements of the Seattle Jobs Plan related to business outreach, problem solving, and the City Business Advocacy Team infrastructure. 250 people attended the session.

City Business Casual – OED had a great turnout for *City Business Casual* with our "Only in Seattle: Neighborhood Business Districts" theme on Thursday, November 14th. OED extends a big thank you to CM Sally Clark and the other headliners, to all community members in attendance, and to the Renaissance Hotel for hosting the event. In addition to our headliners and special guests, attendees included representatives from: Beacon Hill Merchants, Edward Jones, Lyft, Washington Business Advocates, and Mayor-elect Murray, among many other businesses and organizations. The next *City Business Casual* will be held on Tuesday, December 10, and will highlight our "[In Good Company](#)" businesses.

National League of Cities: Town and Gown Relations – Andres Mantilla participated on a panel that focused on the development of University District Livability Partnership via the *Only in Seattle* Initiative. In particular the session focused on the challenges and strategic thinking in bringing diverse stakeholders to the table to create and implement a common priorities list. The result is a new business organization called the University District Partnership that will replace the University District Chamber of Commerce and go from a small budget entity to an organization with over a million dollars in operation budget.

Annual Special Event Committee Run & Walk Meeting – The Special Events Committee met with organizers of run and walk special events at the annual "Run & Walk" Committee Meeting on November 13th. Over 50 run and walk events are held in Seattle each year, the majority operating at least partially on City streets and right-of-way. With the continuation of the downtown/waterfront new run and walk event moratorium, more of these events are happening in the City's residential neighborhoods. The Committee presented several new requirements aimed at improving the process for these, and all, special events, including increased neighborhood notification requirements and increased conditions for approval of off-hours

amplified sound. The Committee also reviewed new safety and management staffing and training conditions for larger events, which will be implemented as part of new Seattle Fire Code requirements.

Kick off Meeting for Smart Buildings at SMT – Seattle’s High Performance Building Project took a major step forward with the kickoff of the project in the Seattle Municipal Tower. After months of negotiations and contract development, all parties are under contract and the project is moving forward. The process to install the predictive analytics and fault detection diagnostics systems commenced with a meeting of OED Staff, the Seattle 2030 District, Accenture, Microsoft, and the CBRE staff that run SMT’s systems and critical staff from FAS. This project is expected to save up to 18% in future energy costs, help reduce maintenance on SMT systems as well as reduce run time on equipment, which should lead to longer lifetime and fewer equipment replacements.

Film and Special Events Report – 17 film permit applications have been submitted and/or processed so far between November 9 and 22, hiring over 200 local cast and crew. Highlights include: Travel Channel filmed a portrait of the Lenin statue in Fremont for the show *Monumental Mysteries*; Food Network reality show *Mystery Diners* visited restaurants in Downtown, Capitol Hill, and North Seattle; Local production company The Academy filmed a portion of a Facebook corporate video on the South Lake Union Streetcar; feature film *The Architect*, starring Parker Posey and Eric McCormack, filmed in the U District and Downtown; and various organizations including Cutter & Buck, Boeing, and Microsoft permitted commercial and corporate work with assistance from local cast and crew. Please review the [Seattle Film Production List](#) for the complete list of permitted Seattle productions. Special Events upcoming in November include Mustache Dash (11/16), Mobile Food Rodeo (11/17), Rebe Redzepi & Matt Dillon Dinner (11/18), Ugly Sweater Run (11/24), Greenlake Gobble (11/24), and more. For a complete list of permitted Special Events, please visit the City of Seattle’s [Special Events Calendar](#).

The Cordish Companies – Steve Johnson and Lance Randall participated in a call with Blake Cordish, President of The Cordish Companies. The Baltimore-based company is a respected developer with extensive expertise in almost every discipline of real estate: entertainment & mixed-use, gaming & lodging, sports anchored developments, retail, office and residential. The company is looking for opportunities to invest in and develop major projects in Seattle. Steve gave Blake an overview of potential opportunities around the tunnel replacement project, the waterfront and the new arena in SODO. Lance is working with Blake to make introductions to key stakeholders who are involved with the projects with hopes of helping the company create partnerships for developing a project in Seattle.

Business Improvement Area Data Project – OED staff met with Business Improvement Area (BIA) Executive Directors from West Seattle, Columbia City, Metropolitan Improvement District, University District, and Capitol Hill, as well as Teri Allen from FAS as part of our process improvement effort to better understand the financial management and communication issues the BIAs and FAS are facing and to design a standardized data reporting system that will support everyone’s operations with the goal of providing clear expectations between the BIAs and the City, agreement on specific procedures, and a consistent schedule with a transparent process. OED plans to have recommendations for implementation by the end of the year.

Marijuana Initiative – OED is receiving more interest and questions from prospective marijuana entrepreneurs about real estate and financing. Apparently, there is great demand for the few City locations that are seemingly I-502 compliant. According to Kate Becker, the City is

receiving daily requests for a map that details I-502 compliant Seattle real estate. As marijuana entrepreneurs scramble to secure property and put business plans together, the request for a City map is ever-present. Also, existing medical marijuana businesses continue to struggle with the lack of financing options. This critical issue is amplified by the new entrepreneurs who are hoping to enter the recreational marijuana market and preparing business plans in advance of the I-502 application window.

Investing in Workers

National League of Cities: Pathways to Careers Mobile Tour – Pathways to Careers was selected as one of 12 Mobile Tour sites by the National League of Cities for their 2013 Seattle Congress. Launched with a sizable investment by the Office of Economic Development in partnership with Seattle Community Colleges, this initiative is a powerful example of public/private partnerships that help low-skilled students prepare for jobs in key growth sectors. 46 mayoral aides and city staffers from across the country learned about the Industrial Manufacturing Academy and Composites Lab at South Community College’s Georgetown campus and the Harbor Island training facility, a partnership with Vigor Marine. Thank you to CM Clark for serving as host, emcee, and tour guide for the event.

Looking Forward – Three Month Look Ahead

<i>Film, Music, Interactive Media Happy Hour</i>	Dec 4
<i>City Business Casual: Year-end Celebration: In Good Company, Jobs Plan</i> businesses highlighted – Renaissance Hotel	Dec 10, Tues
Announcement of <i>Only in Seattle</i> Awards	Jan/ Feb