City of Seattle
Office of Economic Development

Date: December 12, 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 and Brian Surratt, Office of Economic Development

Re: Seattle Economic Development Commission Update

Background
The Seattle Economic Development Commission was established in December 2011 and officially empaneled in March 2013. The Commission's primary purpose is to provide expertise outside government from industry, labor, and education leaders to inform the City's economic decision-making and help in the execution of major initiatives essential to the achievement of a long-term economic development agenda.

The initial charge of the Commission was to develop an economic development agenda for the City of Seattle that includes a strong vision statement, identification of "foundational" areas of focus that align with the vision, and leadership roles in the ongoing execution of the Commission's recommendations.

Commission Vision and Framework Development Process
The Commission has developed a draft vision and economic development framework with several "foundational areas" – Innovation Ecosystem; Talent and Creativity; Infrastructure and the Built Environment; and Social, Civic and Cultural Environment – in which city government and industry, labor, and educational partners should invest resources in supporting Seattle's economic development over the next ten years (see attached Vision and Framework documents).

In July and August 2013, the Commission convened a series of small group discussions with thought leaders centered on the framework's "foundational areas" outlined above. The general themes from these meetings centered on "telling Seattle's economic story" and supporting a "diverse, innovative, and opportunity-rich economy" that works for all Seattle residents.

The Commission's vision and framework development process was also informed through guidance received from a leading national community development investment organization and a recent landmark economic study on social mobility and income inequality:

- Living Cities, a collaborative of the nation's leading foundations that offers policy guidance and invests millions of dollars to help cities rethink public systems and connect people to opportunity,

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presented the importance of strong, high-level, cross-sector collaboration in supporting opportunity-rich, thriving, and globally competitive cities.

- The Equality of Opportunity Project, a joint initiative of Harvard University and the University of California at Berkeley, compared rates of upward social and income mobility across the major metropolitan areas. Seattle was identified as a leading city in its ability to move individuals up the income ladder: on average, poor children in Seattle (those who grew up in the 25th percentile of the national income distribution) do as well financially when they grow up as middle-class children (those who grew up at the 50th percentile) from Atlanta. The researchers noted strong alignment between their findings and the Commission's proposed framework – in particular, "Talent and Creativity" and the focus on improving educational opportunities; "Infrastructure and the Built Environment" with its emphasis on connecting people to job centers; and "Social, Civic, and Cultural Environment" which recognizes Seattle's strong civic and cultural assets.

Proposed Commission Initiative Areas

The Commission is exploring the following initiative areas that they believe could be transformative in supporting economic diversity, resiliency, opportunity, and growth. For the purposes of this briefing memo, the proposed initiative areas are intentionally high level as the Commission continues to refine its economic development agenda.

- ***Initiative Area 1: Improve social mobility through access to college and career:*** The changing nature of regional and global labor markets, the high dependence of employers on recruitment of talent from outside the region, and the critical role education plays in promoting social and economic mobility make the development of locally grown talent the most important economic development challenge facing our region.
  - Long-term economic advancement and social mobility requires helping people obtain skills that are relevant to the labor market
  - The investments we make must aim toward getting people degrees and credentials beyond high school.
    - Success is not high school graduation but attainment of at least an industry recognized credential to weld, maintain financial records, operate a crane, or draw blood from a patient
    - Ultimate goal is to get as many advanced degrees in science, technology, engineering, and mathematics

- ***Initiative Area 2: Advance our infrastructure and built environment as economic catalysts:*** Seattle's economic success requires thoughtful plan and investment in the quality of the places we live, work, and gather as well as the roads, bridges, and ports that connect us to each other and the world.
  - Envision and intentionally create great urban centers and neighborhoods: The City plays an essential role in facilitating and shaping how our urban centers and neighborhoods grow and maintain their authenticity; we must get better at how we imagine, plan, permit and execute on the visions for these unique neighborhoods.
  - Build an efficient transportation system and inviting open space in Center City: Downtown Seattle and its adjoining neighborhoods will experience unprecedented construction activity over the next 10 years – the Alaskan Way Viaduct Replacement and Central Waterfront

Redevelopment are the most visible of the major projects that will impact and transform the Center City. Major, non-transportation related projects will also have a profound impact on downtown, such as construction of the City Light substation in Denny Triangle and the new Amazon buildings in South Lake Union.

- Maximize the University District as the region's next innovation hub: Seattle's urban centers and neighborhood commercial districts are one of its most valuable economic assets, and they will increasingly be seen as job centers where innovation occurs and talented people reside and congregate. The University District is undergoing tremendous changed and Seattle as an immediate opportunity to leverage its proximity to the University of Washington and help create the region's next major hub for innovation and technology.

- ***Initiative Area 3: Build strategically on our economic strengths:***
  - Tell Seattle's compelling economic story – "We make things that change the world": Seattle is recognized for the global impact of its ideas and our community ably sheds light on its success stories. There is a need to do a better job reminding ourselves and others that Seattle is an amazing place with a rebellious, independent streak and gifted with natural beauty, global brands, and penchant for attracting young, tech-savvy, and creative talent. We need to craft a narrative centered on a "spirit of invention" and the impact of our ideas.
  - Maintain our strength in manufacturing and maritime: Manufacturing, maritime and logistics have long been a key part of Seattle's economy, accounting for about 22% of the Seattle's workforce. In 2008, the industrial sector accounted for $6.1 billion in taxable sales, generating 36% of Seattle's total retail tax revenue and 38% of the B&O tax revenue. Challenges facing our maritime and industrial community include developing talent, navigating government regulations, freight mobility, and decreasing availability of land.
  - Assert Seattle's role as a global leader in the knowledge economy: Seattle's continued growth will be spurred through a dynamic "ecosystem" of research, invention, and commercialization and cultivating a culture of public-private partnership that embraces innovation and the knowledge economy as fundamental to our economic future.
  - Harness our talent in social entrepreneurship: Social entrepreneurship is the process of pursuing transformational solutions to deeply entrenched social problems, drawing upon appropriate thinking from both the business and nonprofit worlds. Seattle has seen an explosion of social entrepreneurship in the healthy competition to address our most challenging problems. There is a need to create more opportunity for our deep creative and entrepreneurial talent and socially progressive culture to design and deliver solutions to our community's most intractable issues.

Next Steps

The Commission plan to release their economic development agenda by the 1st Quarter of 2014. Between now and the release of the agenda, the Commission and OED staff will address outstanding questions on the proposed initiative areas, detail more specific action items in each area, and finalize the economic development agenda.