



City of Seattle  
Edward B. Murray, Mayor

**Office of Economic Development**  
Stephen H. Johnson, Director

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### Memorandum

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**Date:** March 20, 2014

**To:** Councilmember Sally Clark  
Councilmember Tom Rasmussen  
Councilmember Kshama Sawant  
Councilmember Mike O'Brien

**CC:** Jesse Gilliam, Legislative Assistant to Councilmember Clark  
Brian Surratt, Mayor's Office of Policy and Innovation

**From:** Steve Johnson, Office of Economic Development

**Subject:** Office of Economic Development Director's Report

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**By the Numbers:** [Manufacturing Decline and the Rise of Non-Employment](#)

The National Bureau of Economic research published a report showing that the temporary housing boom of the early to mid-2000s masked the ongoing decline in manufacturing employment that otherwise would have been more evident in the mid-2000s. In other words, the 2007-11 collapse of the housing market not only had an independent adverse effect on labor market outcomes; it also "unmasked" the negative manufacturing effect that would have been apparent earlier. Among their key findings:

- Roughly 40 percent of the job losses over the eleven years between 2000 and 2011 can be attributed to the decline in manufacturing.
- The decline in employment over that period was largest for men and women without a college degree.
- Workers displaced from manufacturing sectors during 2000 to 2007 were much less likely to end up jobless if they resided in an area where housing demand had increased sharply during the same period.

#### **Investing in Businesses**

Getting *Startup Seattle Initiative* off the Ground – OED has hired Rebecca Lovell for the new Startup Seattle position. A city/industry panel including Chris Devore of Founders Coop + Tech Stars and Darcy Nothnagle of Google interviewed the finalists the week of February 24<sup>th</sup>. Wyking Garrett of Umoja Fest participated as a community representative active in helping inspire Seattle youth to pursue careers in digital media. We will be making an official announcement mid-next week, around March 19<sup>th</sup> or 20<sup>th</sup>.

Green Business Services – OED, OSE, SCL, SDOT, and SPU each offer services to local businesses and property owners to decrease their environmental impact; however, these services are not coordinated across departments and are often difficult for businesses to access. In early March, a cross-departmental working group will present a concept plan within their respective departments for a new regional *Green Business Program* to deliver streamlined, accessible green services and recognize Seattle's business community.

Essential Baking Company – Roque Deherrera enlisted the help of the Citywide Business Advocacy Team (CBAT) to resolve a conflict between the business owner, SDOT, and DPD. In the end, SDOT resolved the issue quickly and appropriately in favor of the business. The owner was very pleased with the quick service and the result will enable the company to continue to build their new food manufacturing facility.

Crowdfunding Pilot Program – OED is working with representatives of the Seattle Chinatown International District Preservation and Development authority (SCIDPDA), the Chinatown International District Business Improvement Area (CIDBIA), and the Pioneer Square Alliance to establish a crowdfunding pilot program in Chinatown-ID and Pioneer Square. The pilot will involve six business projects (three in each neighborhood) that will be nominated by our neighborhood partners, SCIDPDA, CIDBIA and Pioneer Square Alliance. Then, a crowdfunding organization called Community Sourced Capital will work with the businesses to launch and manage the crowdfunding campaigns. OED will help promote the program. OED considers this pilot to be a complementary effort to our *Only in Seattle* neighborhood district program. We will study this closely to determine whether it merits an expansion to other neighborhoods. The initial projects are expected to launch in May.

South Park – OED, the Office of Arts and the King County Department of Transportation came to an agreement over the use of a \$150,000 grant that King County provided to the South Park retail corridor. OED agreed to manage the funds on behalf of King County. The Office of Arts will oversee selection of an artist to lead a community design process and fabricate and install a gateway/wayfinding/public art feature in the retail core. This agreement was reached after a year of negotiation with the community over the use of these funds.

Hillman City Development – Lance Randall is assisting Alyssa Royce and Brady Collins, who are looking to purchase a building in Hillman City to house their crossfit operation. The couple has asked for assistance with planning and financing the development. They have already talked with the Rainier Valley Community Development Fund about the project and are awaiting word on financing. The goal is to buy the building, build a two-story building for their gym, a community health clinic and perhaps a small cafe. Lance Randall is the lead on this project.

Fun House Night Club – Lance Randall is assisting Brian Foss, owner of the Fun House Night Club, who is looking to purchasing a building to reopen the venue. The business was forced to shut down in 2012 when their former building was torn down for a new development.

Viet My Restaurant – Chau Tran, owner of Viet My Restaurant, has closed her store because of a new development project by the property owner. Chau is looking to reopen in a new location in Pioneer Square and has asked for assistance in finding a new space.

### **Investing in Seattle's Economic Strengths**

Economic Development Commission Meeting – The Economic Development Commission held its first meeting in 2014 in late February. The commissioners approved the proposed initiatives and are excited to move forward with their implementation. OED will reach out to the Mayor's office and Council to determine appointments/ reappointments in the coming weeks.

Industrial Agenda Coordination with Freight Master Plan – Roque Deherrera is coordinating with SDOT to ensure that SDOT's work to execute a Freight Master Plan aligns with OED's efforts to more generally support Seattle's maritime, manufacturing, and logistics economic sectors. On 2/12 SDOT issued an RFP for a consultant to help them create the Freight Master Plan. SDOT is also exploring the idea of creating an industrial stakeholder group (different from the Freight Advisory Committee).

State of Downtown – The Downtown Seattle Association's State of Downtown event had 1,200 attendees. The [annual Report](#) is up on the DSA website, and OED has hard copies for further distribution. OED thanks SDOT and DPD colleagues who helped staff our information table at the event.

Washington Senate Trade and Economic Development Committee Working Session – Tina Vlasaty participated in a working session for the Senate Trade and Economic Development Committee on 2/20 on the topic of Innovation Partnership Zones (IPZs). OED administers the South Lake Union Global Health Innovation

Partnership Zone in partnership with the Gates Foundation, Washington Global Health Alliance (WGHA), PATH, SeattleBioMed, and the University of Washington Department of Global Health. The work that has been accomplished to date under the banner of the IPZ has largely been work that OED and WGHA were already undertaking in their activities. OED's message to the committee was that without operations and administrative funds the IPZ geographic designation in and of itself has little power to cultivate and grow the global health sector.

Office of Film + Music Director Outreach– Kate Becker has started as the new Director of the Office of Film + Music, and is making progress on outreach to film and music communities. The Film community had a large (200+) meeting on 2/18, where Kate spoke, and follow up breakout sessions happened (2/25) with the goal of identifying what issues and strategies the film community would OFM to focus on. The last meeting with the film community was on 3/4 at the Vera Project, where the groups presented their ideas to Kate and OFM staff. Kate will continue to work with on the outreach strategy for the film and music communities and incorporate the information presented by the film community.

Duwamish Trail – Roque Deherrera is assisting Andrew Glass Hastings and SDOT to resolve a design conflict regarding a portion of the trail planned through the South Park Industrial Area. After much good work on SDOT's part, industrial firms in the area are accepting of the trail. However, relevant objections still remain regarding the width of the proposed trail and its impact on freight movement. SDOT agreed to develop a design alternative that reduces the width, remains safe for all modes, and is reflective of the industrial nature of the area.

Capitol Hill Pride Weekend Events Meeting – With increased event activity throughout the year in the Capitol Hill neighborhood, Special Events Committee Chair Chris Swenson convened a planning meeting with the Capitol Hill Chamber and organizers of the eight Pride weekend events taking place on Capitol Hill. The meeting's focus was to organize and ensure SPD and SPD resources for safety and security for all of the events, to review and establish stronger organizer outreach to impacted businesses and residents, and to encourage greater communication between the event organizers.

University District Partnership Kickoff – Steve Johnson and Theresa Barreras attended the launch of the new organization to execute on the vision for the ongoing development of the University District commercial district west of the University of Washington. CM Burgess and UW President Young were in attendance along with multiple businesses, property owners, and service organizations. The University has contributed \$350,000 annually to the execution of the plan which includes approval of new design guidelines, activation of a network of alleys, recruitment of new businesses, redevelopment of vacant parking lots, and formation of a new BIA. OED's *Only in Seattle* program is also contributing \$188,000 in 2014 for this initiative.

Leadership Changes at the Economic Development Council – David Allen, Board Chair of the Economic Development Council of Seattle and King County (EDC) has announced that Jeff Marcell is stepping down as the CEO of the EDC to pursue another opportunity. Suzanne Dale Estey has been named the interim CEO and Steve Gerritson the Executive Vice President.

Industrial Development Pilot Program – Roque Deherrera continues to work on a years-long partnership with King County and Washington State to support industrial growth and innovation. The partnership received three responses to its Request for Concepts, aimed at increasing container capacity at the Port of Seattle (Port), making Department of Ecology (DOE)'s Voluntary Clean-up Program more predictable for contaminated industrial sites, and exploring a new approach to industrial stormwater. All three projects have made significant progress. DPD is in the process of formalizing an agreement with the Port that will modify certain seismic requirements and ensure regional port resiliency; DOE is clarifying its existing policy, thereby resolving conflicts between their process and the Seattle Land Use Code; and SPU has retained consultant Floyd|Snider to engage technical experts (including lawyers), industrial stormwater permittees, and government to explore new approaches to stormwater treatment and compliance.

High-Performance Buildings Project – OED and SCL, via funding from the Puget Sound Regional Council, manage a joint project with the 2030 District, Microsoft, and Accenture that tests and deploys Accenture's "Smart Buildings Solutions" platform, an IT-based energy management platform designed to create operational

efficiencies by analyzing a building's energy system. Two buildings, Downtown Sheraton Hotel and UW's Brotman Building in South Lake Union, have been online and collecting data since November 2013 with better-than-anticipated results. Two other buildings, Seattle Municipal Tower and a Boeing industrial building in Tukwila, are projected to begin collecting data by late April/early May. For this pilot stage, the project is searching for a fifth building; current prospects include Swedish Hospital-Cherry Hill, Downtown Westin Hotel, and Pike Place Market.

Film Report – 52 film permit applications have been submitted and/or processed to date in 2014. Eight total permits were issued for shoot dates between February 28 and March 7, including four for commercial and/or corporate work, hiring over 40 local cast and crew.

Special Events Report – 147 Special Event Permit applications have been received and are in process, with 58 of the events having now occurred. Special Events upcoming in March include International Women's Day March and Rally (3/8), St Patrick's Day Parade (3/15), St. Patrick's Day Dash (3/16), Starbucks Annual Shareholders Meeting (3/19), We Day Seattle (3/21), and more. For a complete list of permitted Special Events, please visit the City of Seattle's [Special Events Calendar](#).

SXSW – Kate Becker and Chris Swenson traveled to the South by Southwest® (SXSW®) Conferences & Festivals in Austin, Texas to network with music, film and interactive media leaders from around the country. SXSW offers the unique convergence of original music, independent films, and emerging technologies. Chris is going on behalf of WA Filmworks, our state film partner. Kate, Chris and WA Filmworks pitched industry leaders on bringing their films to Seattle.

### **Investing in Workers**

Seattle Jobs Initiative Presents Research, Hosts Webinars – OED partners with and funds the Seattle Jobs Initiative (SJI) to carry out critical pieces of our workforce development strategy.

- On 2/11, SJI hosted "Industry Snapshot: Manufacturing," a webinar to discuss their most recent findings in labor market research for this sector in the Seattle/King County region.
- On 2/2, SJI shared their research, [Investing in Effective Employment & Training Strategies for English Language Learners: Considerations for the City of Seattle & Other Localities](#) in a webinar. This research was undertaken to inform the City of Seattle as well as other localities considering strategies to increase the ability of their English Language Learners to succeed in the labor market about.

SYEP Community College Strategies for Youth Interns – OED partners with HSD on the City's Seattle Youth Employment Program (SYEP), which provides internships for high school students. On 2/18, approx. 50 young adults attended a Community College Strategies for Youth Interns Workshop. This event helped educated current SYEP interns and staff about how they can connect to community college opportunities and possibly continue their work with the city through work-study and/or internship opportunities. Participating youth were from diverse backgrounds between the ages of 16-21, and from low-income households and have academic/employment barriers, such as homelessness, behind in school credits, and/or have dropped out of school.

Youth internships – The Personnel Department called a meeting Monday the 24<sup>th</sup> to revisit a pilot project spearheaded by OED in 2011 which tested administrative efficiencies, and increases program efficacy, for Seattle Youth Employment Program (SYEP). Personnel may be interested in institutionalizing these processes. HSD, OED, FAS and Seattle Youth Violence Prevention Initiative were in attendance.

### **Looking Forward – Three Month Look Ahead**

- 1) *Only in Seattle* grant awards announcement in late March/early April
- 2) Restaurant Portal launch: mid-April; including a presence at a Restaurant Industry Trade Show April 13