



City of Seattle
Office of Economic Development

Memo

Date: June 19, 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, OED
Re: Office of Economic Development Director's Report

Thank you for the opportunity to report monthly on the state of our local economy and the activities and accomplishments of the Office of Economic Development. This report looks at regional employment and provides brief updates on the major priorities of the Office of Economic Development: (1) Investing in Businesses; (2) Investing in our Economic Strengths; and (3) Investing in Workers.

Seattle by the Numbers – Tourism/Hospitality/Restaurant in the Center City

“Positioning Downtown Seattle as a Growth Center for the Hospitality Sector,” a Strategic Assessment Summary – To sustain growth in the important hospitality sector, OED commissioned the Downtown Seattle Association (DSA) to analyze the sector's economic impact and opportunities for growth. DSA has recently completed this assessment in collaboration with the Seattle Convention and Visitors Bureau.

Downtown Seattle's Hospitality Sector shows strong growth. Downtown Seattle, with nearly 13,000 hotel rooms and more than 1,000 restaurants, coffee shops and bars, is the premier Northwest location serving business travelers, vacationers and other visitors.

A strong and diverse regional employment market is important to generating business travel, including meetings and conventions, for Downtown's hospitality sector, which accounts for 23 percent of the street-level businesses in Downtown Seattle.

Here are a few highlights:

- \$1.9 million is contributed to the local economy each time a homeport cruise ship docks
- Downtown hotel employment increased 46 percent from 4,010 jobs (2000) to 5,844 jobs (2010)
- Downtown bar and restaurant employment increased 9 percent from 13,373 (2000) to 14,527 jobs (2010)
- Hotel occupancy increased from 85 percent in 2007 to approximately 90 percent in 2011
- More than 2,000 hotel rooms were added in Downtown Seattle between 2005 and 2011

- Downtown Seattle has a higher concentration of entertainment and hospitality related jobs than downtown Denver, Minneapolis, Philadelphia, San Diego and Portland
- In 2011, more than 45 new restaurants opened in Downtown Seattle

Investing in Businesses

Loans	<ul style="list-style-type: none"> • \$1M 108 loan for 12th Avenue Arts in the pipeline • 4 loans in pipeline for Grow Seattle Fund totaling \$4.2M • 2 businesses have received loans totaling nearly \$270,000 • Stadium Place received NMTC investment that leveraged \$2.1M in equity and \$10.1M in debt • 52 jobs retained or created due to this lending activity
Company visits	<ul style="list-style-type: none"> • 191 companies have been visited by OED staff and our partners • 157 of these companies are in our targeted sectors, which include: manufacturing, maritime, life sciences, global health, clean tech, and information technology
Businesses assisted	<ul style="list-style-type: none"> • 91 businesses were connected with resources or were helped with a permitting or policy issue • 14 businesses have been assisted by the City Business Advocacy Team

Interactive Media Accelerator – OED met with staff of enterpriseSeattle to discuss the location of a business startup accelerator for interactive media. The accelerator is funded by a \$1 million grant from the federal Economic Development Administration to eSeattle that runs through fall of 2013. OED has agreed to help eSeattle identify a space.

Die Cut Stickers – Lance Randall visited with Daniel Diederich of Die Cut Stickers who is need of technical assistance to develop a local marketing strategy. Over 90 % of the company’s business is done online and they would like to do more business locally. OED and The Russell Group are working with the company to develop a marketing strategy.

Lanier’s Fine Candies – Lance Randall has been working with Lanier’s fine Candies to help it transition from a home based business to a full fledged candy manufacturer. Lance is working to connect the company with major retailers to secure contracts to generate revenue. The company now has its products in the Fireworks Gallery’s Bellevue and SeaTac stores. The company is looking to purchase equipment that will give them more capacity for filling orders. The Russell Group is helping the company develop a marketing strategy to secure contracts with major retailers once they have increased their production capacity. The goal is have the company in manufacturing facility by 2013.

Starlight Desserts – Lance has been working with this wholesale commercial bakery to help them expand. The company is profitable and has purchased new equipment to increase its production capacity. However, they are in need of a strategy to grow the company. The Russell Group is working with the company on a strategy to grow the business and recently assisted the company in preparing a presentation to 10 salespersons of a major distributing company with hopes of expanding their market base. The presentation was a success and the company is anticipating a significant increase in orders as a result of the effort. The company

has now hired an operations person so that the owner of the company can do more marketing for the business.

New Member to the OED Team – OED is pleased to welcome AJ Cari to the team. AJ will be performing asset management duties for the City's New Markets Tax Credit (NMTC) program. Formerly with Beacon Development, AJ brings a lot of experience in tax credit partnerships and will allow OED to take over this management function in-house. This position is funded with NMTC fees, which were formerly used to fund a management contract with the National Development Council.

Investing in Seattle's Economic Strengths

Film and Music

Music Commission Examines US Foreign Performing Artist Visas Issue – Recently, the *New York Times* published an [article](#) analyzing the drastic decrease in performances by foreign artists in the US due to highly prohibitive US visa regulations. Music Commission Chair and Seattle Symphony Vice President of Artistic Planning, Elena Dubinets, is leading the pursuit of avenues to address this issue at a higher level. The Film + Music Office in cooperation with Vincent Kitch and the Arts & Cultural Affairs Office are presently researching the issue and have arranged to meet with Marco Lowe in the Office of Intergovernmental Affairs.

Commercial Film Work in Seattle – As we enter the busy film production season, this week sees several productions in Seattle. In commercial work, Under Armour is shooting print ads for their "Cold Gear" line with rain tower FX in several neighborhoods and parks; and a major automobile manufacturer is filming several national and international spots for the Hispanic market, working in Genesee and Volunteer Parks the second week in June. Dickies clothing hired a local production company and is filming in the Georgetown neighborhood. Microsoft and Amazon are also filming three corporate videos this and next week. Rounding things up is a reality television series filming their premier season in Seattle through the end of June, following the day to day business operation of a popular local start-up company.

Watch the Intuit "GOLFING IN DOWNTOWN SEATTLE" Commercial Online - In mid-April OED's Film + Music Office and Business Services team worked with the DSA, SDOT, SPD, and local businesses to coordinate a commercial film shoot of a golf driving range on 2nd Avenue during the weekday lunch rush. The RPA ad agency filmed in only three locations: New York, Austin, and Seattle. The production hired over 100 film crew work days, worked with numerous local vendors, booked 58 hotel room nights for traveling crew, and was covered by local press. The commercial, while officially an ad for Intuit's mobile card reading device, is actually a showcase of the great work that can be done in Seattle. The commercial can now be seen online [here](#).

Special Events

Family Fourth of July Fireworks Celebration - Special Events met with OneReel and SPU to discuss improved methods for shoreline cleanup following the annual Family Fourth of July Fireworks Celebration that takes place at Gasworks Park each year. SPU did some research into best practices of other cities. OneReel then took that information and improved upon it even further, expressing their concern for our city and everyone's efforts to keep it clean and green. It was a great meeting that demonstrated the value of teamwork and shared goals. Kudos to both SPU and OneReel for partnering in this effort to keep our annual tradition a fun, family-oriented GREEN event!

Fred Hutch Bike Ride to Fight Cancer – Special Events staff met with representatives of the Fred Hutch Cancer Research Center to provide them with early advice and guidance on a 2,500 person annual bike event they are planning for 2013 and beyond. The event would raise awareness and funding in the fight against cancer.

Manufacturing and Maritime

Industrial Development Districts Pilot Program – On Tuesday, May 29th, Steve Johnson, Diane Sugimura (DPD), Roque Deherrera, Ray Moser (King County), Eric de Place (Sightline Institute), and Joe McWilliams (Port of Seattle) presented our Industrial Development Pilot Program to the Governor’s Job Creation Subcabinet in Olympia. The purpose of the meeting was to ask the State for their full partnership in the program, which would incentivize industrial development by offering project specific regulatory, policy, and/or financial incentives (loans). The State agencies were well represented, asked great questions, and seemed generally supportive of our approach. The Governor’s Chief of Staff chaired the meeting and that the Governor has no intention of taking her foot off the gas in her remaining term, and that our pilot project seemed like something she would support. The Governor’s Office agreed to get back to us by the end of June. Assuming the response is positive, the plan is to release the Request for Concepts in July.

Machinists Inc. – Roque Deherrera met with Machinists Inc. in South Park to introduce them to OED’s range of business services. Machinists Inc. is a full service machine shop with approximately 170 employees that’s been in business in Georgetown for more than 50 years. As a result of the meeting, OED has recommended them as a potential recipient of available workforce training dollars, connected them with an opportunity to be a preferred manufacturer of replacement parts for the waterfront tunnel boring machine, and informed them about the upcoming Industrial Development Pilot project and the opportunity it affords them to think creatively.

Harley Marine Services – Roque Deherrera attended a ribbon cutting and steel raising ceremony for Harley Marine Services new world headquarters on Harbor Island. The new headquarters consists of the just-completed Tom Appleton Marine Maintenance and Repair Center and the Harley and Lela Franco Maritime Center, which is currently under construction. The Maritime Center will be a LEED Gold facility and serves as an on-the-ground example for our upcoming Industrial Development Pilot Program. The new facilities were a result of a creative collaboration among Harley, the Department of Planning and Development and OED to identify how to legally and affordably comply with vague shoreline regulations. The approach, allowing greater height, resulted in better environmental performance and allowed Harley Marine Services to preserve valuable maritime jobs by reinvesting in their Seattle facility. This project was a catalyst for development of the Industrial Development Pilot program.

Clean Technology

2030 District – OED is facilitating discussions between Microsoft and the *2030 District* about possible collaborations that could help downtown building owners and businesses save money on their energy use and provide Microsoft a real life laboratory to demonstrate new IT applications they have developed to manage their own campus. Microsoft recently hosted *2030 District* representatives and City staff at their campus in Redmond for a more detailed briefing on how the company applied its IT expertise to reduce energy and resource consumption, saving the company money in the process.

Neighborhood Commercial Districts

Through the *Only in Seattle* Initiative, the City is investing \$1.1 million in 19 different neighborhoods to support business led efforts to improve the health of the business district serving that neighborhood. These investments support:

- Business and retail development (supporting businesses, enhancing business mix);
- Marketing and promotion (events, social media, district advertising);
- Clean and safe (graffiti removal, dumpster free alleys, lighting);
- Streetscape and appearance (catalytic development projects, public art, and façade improvements); and
- Business organization development to sustain the effort, including participation of an existing Business Improvement Area (BIA) or commitment to form one.

Only in Seattle Peer Network – On May 17th, OED and Impact Capital held a monthly peer network for neighborhood business district organizations. The group gathered at Cheeky Café on 17th and Jackson and discussed business attraction and retention with a focus on lending and technical assistance. Washington CASH and Craft3 lenders were there to describe their programs and hear the challenges from districts. Six business districts were represented and planned to bring the lenders out to businesses in their districts.

Rainier Beach The Rainier Beach Merchant's Association (RBMA) is fundraising to match their *Only in Seattle* grant in support of the second annual Rainier Beach Art Walk. OED is funding a portion of this event but they are looking to their members to raise additional funds.

University District Commercial Revitalization Plan – 25 business and neighborhood leaders gathered at the University Heights Community Center for the first steering committee for the University District Commercial Revitalization plan. This effort is part of the University District's *Only In Seattle* initiative which partners with the [Greater University Chamber of Commerce](#), the University of Washington, and other business and community organizations to identify actions and investments that will strengthen the business district.

Magnolia Farmer's Market – Kudos to SDOT for working out a temporary solution that will allow the community to stage the Magnolia Neighborhood Farmers Market on McGraw Street. While the street is technically an arterial, and thus off-limits to events like farmers markets, SDOT is allowing it on a temporary basis and will evaluate impacts in a month before making a permanent decision. SDOT took into consideration traffic volumes, alternative routes, and community support in making its decision.

Investing in Workers

Pathways to Careers: The goal of this project is to double the completion rates of professional and technical education programs that lead to middle-wage jobs in high demand occupations. The first year is focused on streamlining and integrating programs and collaborations across the public, private, and educational systems. The following program components have been developed in the Business Technology program, and will serve as a model for the other sectors:

- Integration of wrap-around services provided by the Seattle Jobs Initiative
- Cross-district curriculum alignment so students can take the next class at any of the 3 campuses and receive full credit
- One week boot camp for professional development for new faculty
- Robust recruiting process coordinated across the college district

Highlights of specific education and training programs include:

Program	Occupation	Clients	Status
Pathways to Careers	Business Technology	15 enrollees	12 graduates receive first certificate, 8 receive 2nd quarter certificate, 6 receive 3rd quarter certificates.
	Manufacturing		Manufacturing Industrial Council of Seattle is establishing a network of industrial businesses to help the Seattle Community College District (SCCD) design, evaluate and validate a 12-week course that prepares students for post-secondary education and career success.
	Trade and Logistics	22 enrollees	<ul style="list-style-type: none"> • SCCD has assembled a consortium of employers for technical advisory council that will develop a curriculum. • SCCD is using City funding to leverage additional federal dollars through a multi-state USDOL grant for logistics training.
	Health Care		Currently assessing the potential linkage with SCCD, SEIU and Health and Human Services grant administered by the Washington Development Council.
Seattle Jobs Initiative	Welding	55 enrollees	23 have completed between 1 to 4 quarters of training. 13 have received employment.
	Health Care Admin	72 enrollees	44 have completed 1 st quarter.
	Automotive	22 enrollees	13 have completed 1 st quarter. 10 will be enrolling in 2 nd quarter.
	Business Technology	69 enrollees	26 have completed 1st quarter, 4 complete 2 qtrs, 1 completes 2 yr degree
	Employment & Training Program	72 enrollees	26 job placements.

Citywide Youth Internship Pilot – OED is proud to have played a role in the successful completion of a new program aimed at improving the value of youth internships sponsored by the City of Seattle. 18 youth ranging in age from 16 to 19 completed the four-month pilot – a completion rate of 82%. 12 departments hosted the students in jobs that provided experience and skills in information and business technology, engineering, and other areas with strong relevance to the labor market. The effort was in part funded by the Workforce Development Council and coordinated centrally by the City Personnel Department. The long term objective is to standardize and strengthen youth employment and internship experiences and processes city-wide. Personnel estimates that centralizing the processes resulted in approximately 3,000 hours of city staff time over the course of the year and higher quality experiences on the part of the students.

Berhanu Weyecha is a Welding Cohort graduate from SJI's Fall Quarter of 2011. He came to the United States from Ethiopia with his wife several years ago. He has been unable to secure a living-wage job and, after working hard to improve his English, enrolled in the SJI program. In Winter 2012, he went on to the 2nd quarter of welding and, shortly thereafter, got a job through

AeroTEC working at Genie Industries making \$14.07 per hour. For all of Winter Quarter, he worked Monday through Thursday until 4:30pm in Redmond. Then, he attended class at South Seattle Community College from 5-10pm, Monday through Friday. In Spring 2012, he took a quarter off to work and hone his welding skills at Genie. Berhanu is registered to return for Summer Quarter in the 5-10pm time slot.