



City of Seattle
Office of Economic Development

Memo

Date: August 7, 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, Director, Office of Economic Development
Re: Office of Economic Development Director's Report

Seattle by the Numbers – Rates of New Business Creation

New business formation is a critical element of economic health as it is both an entry into the economic mainstream for many low-income households and a testing ground for the major employers of the future. The Kauffman Foundation has created an Index of Entrepreneurial Activity that has become a leading indicator of new business creation in the United States. Using data from the Current Population Survey, it provides the earliest documentation of new business development across the country by measuring the percentage of the adult, non-business-owner population that starts a business. This allows a look at the rate of new entrepreneurial activity for specific demographic groups, states, and select metropolitan statistical areas (MSAs) are presented.

The Foundation recently released its 2012 report based on new 2011 data, compared with trends of entrepreneurial activity over the sixteen-year period between 1996 and 2011. The Kauffman Index reveals important shifts in the national level of entrepreneurial activity and shifts in the demographic and geographic composition of new entrepreneurs across the country. Key findings for 2011 include:

- Although the entrepreneurship rate declined in 2011, it remained more than 5 percent higher than before the recession started. Over the past decade and a half, the business creation rate fluctuated within the range of 0.27 percent to 0.31 percent, but then rose above this level in the past four years.
- Immigrants were more than twice as likely as were the native-born to start businesses each month in 2011. The immigrant rate of entrepreneurial activity decreased from 0.62 percent in 2010 to 0.55 percent in 2011. The native-born rate declined from 0.28 percent in 2010 to 0.27 percent in 2011.
- Although the entrepreneurship rate declined for high school dropouts from 2010 to 2011 (0.59 percent to 0.57 percent), the rate remained much higher than the pre-recession level, which may be due to lingering high unemployment rates pushing many individuals into business ownership or changing patterns of outsourcing less-skilled workers.

- The construction industry had the highest rate of entrepreneurial activity of all major industry groups in 2011 (1.68 percent). The second highest rate of entrepreneurial activity was in the services industry (0.42 percent).
- The State of Washington, at 0.24 percent in 2011, ranked in the lower third of the entrepreneurship rate among states.
 - The states with the highest rates of entrepreneurial activity were Arizona (520 per 100,000 adults), Texas (440 per 100,000 adults), and California (440 per 100,000 adults).
 - The states with the lowest rates of entrepreneurial activity were West Virginia (150 per 100,000 adults), Pennsylvania (160 per 100,000 adults), Hawaii (180 per 100,000 adults), and Illinois (200 per 100,000 adults).
- The Seattle Metropolitan Statistical Area, at 0.29 percent in 2011, ranked in the lower half of the entrepreneurship rate among the top 15 MSAs in the country.
 - The highest entrepreneurial activity rate in 2011 was in Los Angeles (580 per 100,000 adults).
 - The lowest rates of entrepreneurial activity were Chicago and Detroit (180 per 100,000 adults).

A full version of the report can be found at: <http://www.kauffman.org/research-and-policy/kiea-interactive-2011.aspx>

Investing in Businesses

Loans	<ul style="list-style-type: none"> • \$1M 108 loan for 12th Avenue Arts in the pipeline • Over \$13M lent to 7 businesses, with GrowSeattle, NMTC and CDBG-R • Closed a \$7 million New Markets Tax Credit deal with Retain Lockbox in the Central District • 53 jobs retained or created due to this lending activity
Company visits	<ul style="list-style-type: none"> • 249 companies have been visited by OED staff and our partners • 224 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"> • 124 businesses were connected with resources or were helped with a permitting or policy issue • 28 businesses have been assisted by the City Business Advocacy Team

12th Avenue Arts Section 108 loan – The Executive is finalizing legislation regarding OED’s proposed \$1 million Section 108 loan for the 12th Avenue Arts project. If approved, the loan will finance development of the 15,000 square feet of office space, 6,000 square feet of retail and 6,200 square feet of community theater space, resulting in the creation of 30 permanent jobs. OED has been working closely with FAS which has prepared separate legislation to sell the City-owned property at 12th and Pine to Capitol Hill Housing.

In Good Company – The *In Good Company* business recognition program launched in June, recognizing *Dick's Drive-In* for their longtime business leadership and investment in the Seattle community, while embodying Seattle's pioneering spirit and reflecting Seattle at its best. [In Good Company](#) is an ongoing showcase of businesses that spotlights one locally-owned business every month for being unconventional, transformative, and exemplary. [The video profile](#) of *Dick's Drive-In* will run on the Seattle Channel for the month of July. Partners of the program include the Seattle Channel, and Seattle Metro Chamber. Media coverage included a great story in the [Puget Sound Business Journal](#) and [KOMO](#); it continues to spread on various social media outlets.

Keywords International – Lance Randall continues to work with Andrew Day, CEO of Keywords International, to help establish a location in Seattle. The company provides translation, audio and testing services for gaming companies. The company is looking to establish an office with 12 management personnel, with plans to expand the operation to 40 employees within two years. Lance is working with the company on issues involving work visas, identifying individuals who can provide translation for 20 languages, and location assistance.

Uli's Famous Sausage – Lance Randall is working with Uli Lengenber to find a new manufacturing and warehouse facility in Seattle. The company's lease expires on December 30th and the company is looking purchase or lease a 8,000-10,000 square foot facility that is USDA approved. The company also wants to explore getting a loan through the Grow Seattle Fund for tenant improvements. Lance is working with a local reality to identify some potential sites.

Repair Revolution – Repair Revolution, a female owned automotive repair shop, recently held their grand opening in Georgetown. Lance Randall, Tina Vlasaty and Community Capital Development worked the company to help them secure a loan to establish the business. The companies has five employees.

Investing in Seattle's Economic Strengths

Film and Music

23 film permit applications have been submitted and/or processed between July 21 through August 3, hiring over 370 local cast and crew. Highlights include: four outside ad agencies brought print productions for Lexus and Acura, plus national TV commercial shoots for Glad and Bank of America; a popular reality TV series completed a month of filming in Seattle this Thursday, which will air during the Fall season; and two local productions shot regional commercials for UW Medical Center and for Premera Insurance.

Special Events

The next two weeks in Seattle are some of the busiest of the summer with 20+ events. Seafair has already officially kicked off, but this weekend we enjoy the Torchlight Runs and Parade and next weekend the Hydroplane Races and Airshow roar into town, along with the arrival of the US Naval Fleet. The popular and very colorful Dragon Boat races celebrate their first year on Lake Union, headquartered in Lake Union Park. New to Seattle this year, MOHAI is inviting the neighborhood to outdoor movies in Lake Union Park the next four weekends as they prepare the upcoming museum grand opening. Neighborhood festivals and parades are all over the city including UmojaFest, Magnolia Summerfest and Lake City Pioneer Days. Check out the [Special Events Calendar](#) to find all events scheduled in Seattle.

Manufacturing and Maritime

Industrial Development Pilot Program – OED received news from the Governor's Office that they would like to be a full partner with the City of Seattle and King County on the Industrial Development Pilot Program, a regional effort to incentivize new investment in our manufacturing and maritime sectors. Anticipated release of the request for concepts is September.

Health Care

Tour of Children's Hospital and Hospital Roundtable – On 7/16 the Mayor toured the new wing of Children's Hospital and participated in a roundtable of representatives from Seattle's hospitals. The major topic of conversation was the desire of hospitals to work with City to re-examine the Major Institution Master Planning process, with goals of improving public participation and increasing certainty for the major institutions.

Neighborhood Commercial Districts

Successful launch event for the 2012 Only in Seattle marketing campaign – In a continued effort to encourage discovery and exploration of new neighborhoods and businesses in Seattle, OED announced both the addition of three new neighborhoods to be featured in the 2012 [Only in Seattle](#) campaign, and the launch of [Only in Seattle Sundays](#) - a special once-a-month neighborhood discount day. For the past two years *Only in Seattle* has captured the essence of Seattle's neighborhoods and shared the unique stories behind each of the featured businesses. With *Only in Seattle Sundays* the campaign's "buy local" mission is brought to life beyond the *Only in Seattle* website, www.onlyinseattle.org, by inspiring people to take one day a month to discover and explore a new neighborhood or businesses they otherwise might not experience. Find *Only in Seattle* on [Facebook](#) and [Twitter](#) and read the full press release [here](#). The neighborhood gathering at Fremont's History House had over 50 attendees and a good cross section of businesses and chambers involved in the campaign. Media hits included: [CBS](#), [Fremont Komo](#), [Wallingford Komo](#), [Ballard News Tribune](#), [Topix](#), and [Seattle P.I.](#)

Rainier Valley Community Tour – OED was the main sponsor for a community tour of the Rainier Valley. The Rainier Chamber, The Rainier Valley Community Development Fund, The Martin Luther King, Jr. Business Association and the Mt. Baker Business Association came together to host over 30 investors, real estate brokers and local franchise owners to a half day event to promote business opportunities in the Rainier Valley. The goal of the tour is to increase business recruiting activity in the community. Lance Randall worked with the organizations on coordinating the event and gave the opening presentation to the participants.

Investing in Workers

Seattle Jobs Initiative (SJI) Graduation – SJI hosted a graduation on June 28th recognizing the completion of 14 welding and seven medical office assistant trainees. Twenty people started the welding training and 70% completed. Of the 14 completers, 78% will continue on for a second quarter of training (11 graduates). The seven medical office assistants are in job search stage. One, a single mother of three, already has a job offer from her internship site at Children's Hospital. She was offered a position making \$20/hr with benefits. Her prior work history was in fast food making minimum wage. HSD Director Danette Smith was the keynote speaker and was amazing!