



**City of Seattle**  
Office of Economic Development

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**Memo**

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**Date:** April 16, 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, Office of Economic Development  
Roque Deherrera, Office of Economic Development

**Re:** Industrial Development Pilot Program Update

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Background

The Puget Sound Region and King County are uniquely positioned to improve their status as a world leader in the design, manufacturing, and export of locally made products and services. Success of the region's manufacturing and maritime industry sectors is essential in retaining and creating living-wage industrial jobs, and in maintaining a diverse regional economy.

The Seattle-King County area is home to the nation's 9<sup>th</sup> largest industrial base, representing 12% of all private sector jobs. In Seattle alone, manufacturing and maritime businesses support more than 90,000 jobs, generate \$6 billion per year in taxable retail sales, and contribute over \$37 million per year in B&O taxes. Industrial businesses have been resilient during the economic downturn, but need support to remain globally competitive.

Partnership with King County and Washington State

In support of the region's industrial economy, Washington State, King County, and the City of Seattle partnered to launch the Industrial Development Pilot Program. The goal of the program is to encourage industrial investment by offering regulatory and policy flexibility, financial incentives, and/or workforce training in support of selected projects.

Industrial Development Pilot Program Request for Concepts (RFC)

On August 24, 2012, Washington State, King County, and the City of Seattle issued an RFC (attached), asking industrial business and property owners in the City of Seattle and unincorporated King County for their ideas on how government could support their growth. The RFC offered regulatory, policy, financial, and workforce incentives in support of selected projects. At a minimum, selected projects must meet all of the following three criteria:

1. Will result in a positive measurable economic benefit (e.g., new jobs that support or lead to self-sufficiency<sup>1</sup>, increased revenues, increased exports, operational efficiencies, market expansion, etc.);
2. Will result in equal to or better measurable environmental performance than would result from current regulations (e.g., reduced air emissions, improved stormwater management, etc.);
3. Will be located on industrially zoned land within unincorporated King County, WA or the City of Seattle.

**Responses to Request for Concepts:**

**PORT OF SEATTLE: Building Code Changes to Support Expanded Port Terminal Facilities**

Description:

- a. Request for changes to seismic regulations contained in the Seattle Building Code;
- b. Code changes would reduce the cost for the Port of Seattle to upgrade their facilities so they can serve larger container ships, allowing them to better compete with other West Coast ports;
- c. Cost savings resulting from code changes would range from \$94 Million to \$658 Million;
- d. Port estimates that resulting port activity would result in thousands of new jobs and more than \$1 Billion in annual economic benefit.

Issues to be Considered:

- e. Work with DPD Chief Building Official to engage national committee tasked with establishing consistency for port-related regulations;
- f. Need to determine if other jurisdictions have made similar changes;
- g. Analysis of cost saving vs. life safety risks;
- h. Analysis of cost saving vs. port resilience (i.e., What is the economic impact if the Port of Seattle is out of service due to an earthquake?);
- i. Any commitment on code exceptions would only apply to low-occupancy structures (i.e., pier facilities and warehouses, not cruise terminals).
- j. Port may need to provide research and/or other resources to support the effort;

**AMEC AND MANUFACTURING INDUSTRIAL COUNCIL (MIC): Department of Ecology (DOE) Clean-Up Standards in Industrial Zones**

Description:

- a. Request for day-care-center-related changes to either DOE cleanup requirements or City of Seattle Land Use Code;
- b. Because the Seattle Land Use Code allows for day care centers in industrial zones, DOE requires industrially zoned sites undergoing development to be cleaned up residential cleanup levels instead of industrial cleanup levels. This

<sup>1</sup> According to the King County Workforce Development Council’s Self-Sufficiency Standard [www.seakingwdc.org/pdf/ssc/SelfSuffStandardReport\\_11\\_web.pdf](http://www.seakingwdc.org/pdf/ssc/SelfSuffStandardReport_11_web.pdf)

- requirement applies even if a day care center isn't being proposed.
- c. Difference in clean-up costs at proposal site is between \$2 Million and \$3 Million.

Issues to be Considered:

- d. Determining correct approach to achieve resolution. There are political considerations associated with prohibiting daycare centers in industrial zones, and DOE has been initially reluctant to accept a site-specific covenant stating no day care centers can be on the site.

**FLOYD SNIDER: Alternate Approach to Stormwater Regulation**

Description:

- a. Request for the City of Seattle and Washington State to consider a new approach to stormwater treatment and compliance;
- b. New approach would move industrial permit compliance from a site-by-site approach to a basin-wide approach, where permitting, treatment, and testing would occur at a joint treatment facility;
- c. Floyd Snider estimates that such an approach would lower the per-business cost of stormwater treatment and improve environmental results.

Issues Considered:

- d. Many are uncomfortable with unknowns of this dramatically different approach to stormwater permit compliance;
- e. Seattle Iron and Metals, represented by Floyd Snider, has a history of compliance issues with SPU and DOE;
- f. SPU is has concerns regarding the proposed approach. Specifically, if the City of Seattle becomes part of a combined stormwater permit, its liability for stormwater compliance within the right-of-way could increase;
- g. The concept could be supported generally, without a commitment to Seattle Iron and Metals.

Pilot Project Selection Decisions:

- City, County, and State selected both the Port of Seattle response and the Manufacturing Industrial Council/AMEC response.
- City, County, and State agreed that Floyd Snider/Seattle Iron and Metals proposal – a regional approach to stormwater permitting, treatment, and compliance – could not be supported.
- While the Floyd Snider/Seattle Iron and Metals proposal could not be supported, SPU and OED agreed that the concept of lowering individual business treatment costs and achieving better water quality results through a regional treatment system is worth exploring.

**Next Steps**

- OED has informed the Port of Seattle and the Manufacturing Industrial Council/AMEC that their responses have been selected as pilot projects;

- OED has informed Floyd Snider/Seattle Iron and Metals that their project was not selected;
- DPD (lead) and OED (support) will schedule an introductory meeting with the Port of Seattle to better understand their requested building code changes, share concerns, and develop a plan to fully explore the pilot project;
- DPD (lead) and OED (support) will schedule an introductory meeting with Manufacturing Industrial Council/AMEC to develop a schedule and work plan to fully explore the pilot project.
- SPU and OED are working together to explore the feasibility of a regional approach to stormwater permitting, with the goal of lowering individual business treatment costs and achieving better water quality results through a regional treatment system.