



City of Seattle
Office of Economic Development

Memo

Date: May 21, 2013

To: Councilmember Sally Clark
Councilmember Tom Rasmussen
Councilmember Richard Conlin
Councilmember Jean Godden

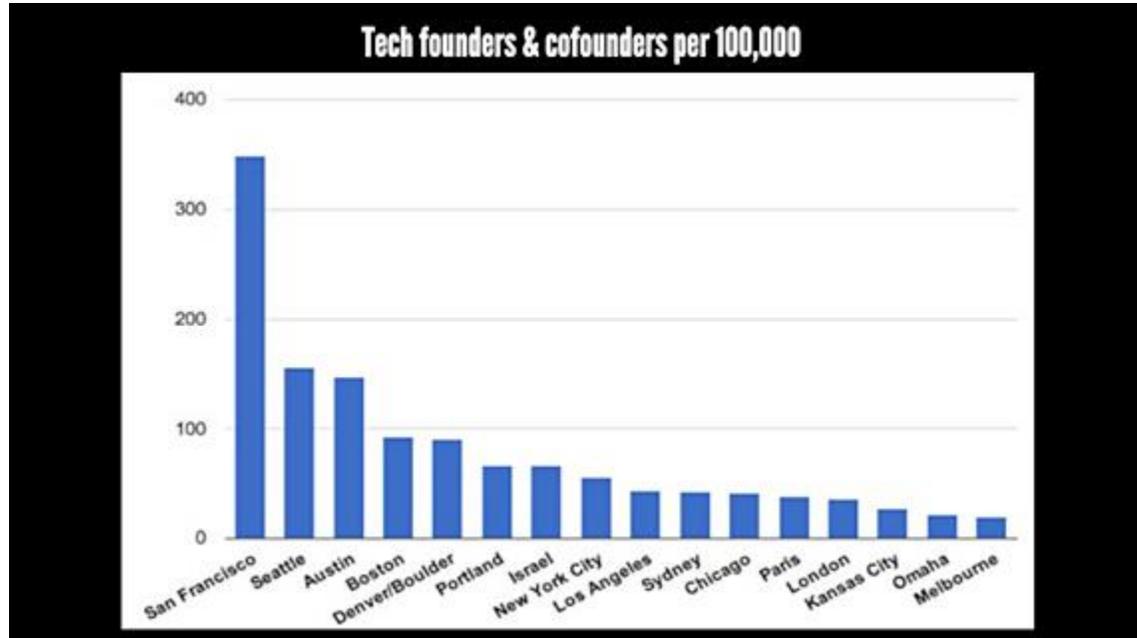
CC: David Yeaworth, Legislative Assistant to Councilmember Sally Clark

From: Steve Johnson, Director, Office of Economic Development

Re: Office of Economic Development Director's Report

Is There a Secret Sauce to IT Startup Success?

Philip Rosedale is a lifelong entrepreneur and technology innovator and his research and observations published in INC magazine provide a unique perspective to what makes San Francisco such a fertile environment for successful IT startups. He created an index of founders and co-founders of technology companies per capita for metropolitan areas around the world, using data queried from LinkedIn. As the graph below shows, San Francisco has twice the density of founders and co-founders than Seattle, the city in second place.



While the proximity of great universities and availability of capital surely makes a difference, Mr. Rosedale argues that the most important reason for San Francisco's success is the culture that makes it "safe to work on risky things." This quality is enabled through the sheer density of tech

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entrepreneurs and the willingness to share information – in San Francisco the norm is against signing “non disclosure agreements.”

So, according to Mr. Rosedale, there are two key ingredients to creating a vibrant start-up ecosystem:

- Pack the people working together into as dense an area as possible, with public areas and co-working venues where they will see each other constantly, even when they aren't working in the same company; and,
- Encourage them to let down their guard and be as open as possible about what they are doing.

Follow this link to read the full article in the most recent edition of INC Magazine:

<http://www.inc.com/philip-roseale/start-up-magic-of-san-francisco.html>

Investing in Businesses: OED 2013 Results by the Numbers (as of 5/10)

Loans	<ul style="list-style-type: none"> • The NMTC allocation awards were announced in April; unfortunately Seattle Investment Fund did not receive an allocation. • \$1 million 108 loan for 12th Avenue Arts closed in January. Year-to-date, OED and its partners have lent \$2.9 million to 4 businesses creating and retaining 98 jobs.
Company visits	<ul style="list-style-type: none"> • 137 companies have been visited by OED staff and our partners • Targeting 500 business visits in 2013.
Permits Issued	<ul style="list-style-type: none"> • 118 film permits and 82 special events permits for a total of 200 permits issued. • Targeting the issuance of 700 permits in 2013.
Businesses assisted	<ul style="list-style-type: none"> • 69 businesses were connected with resources or were helped with a permitting or policy issue. • Targeting 250 businesses to be connected with resources in 2013.
Pathways to Careers	<ul style="list-style-type: none"> • 211 low-income students receive support services. • Targeting 400 low-income students in 2013. • 237 students enrolled in new credentialed courses (since beginning for school year (Sept 2012). • 94 of program participants placed in jobs. • Targeting 80% of students enrolled in Pathways to Careers obtain certificates. • Targeting 90 participants enrolled in Career Bridge.

New Market Tax Credit (NMTC) Allocation – The US Department of Treasury Community Development Financial Institutions Fund (CDFI) announced the 2012 New Markets Tax Credit allocation list on April 24. OED’s Seattle Investment Fund LLC submitted an application for \$73 million last fall and unfortunately did not receive an award. It was an extremely competitive round with limited tax credits. We are actively seeking feedback from the CDFI so that we can strategize for a more successful application in the 2013 round. OED will meet with the Investment and Advisory Committees to the Seattle Investment Fund to determine next steps.

RFQ for Small Business Lending Partners – Using unrestricted fees from the New Markets Tax Credit program, OED has designated \$310,000 to be allocated for expanding its small business lending activities. OED will select a community-based lending partner through this RFQ to

provide small business loans ranging from \$100,000 to \$1,000,000 on behalf of the City. To see the complete RFQ please visit <http://www.seattle.gov/EconomicDevelopment/>

Healthy Foods Here Impacts – OED has conducted monitoring of a number of stores that participated in the *Healthy Foods Here* project as part of our program follow up. In visits to 11 of the 47 stores that participated in the program, we found that all stores were continuing to offer healthy foods and a number of them had actually expanded their healthy product offerings. We are thrilled to see the sustained impacts that this program had on increasing the availability of healthy foods in low-income communities.

Environmental Coalition of South Seattle (ECOSS) – provided Brownfield assistance to Air Clean Technologies as part of the due diligence necessary to evaluate the purchase of contaminated land adjacent to their facility. The company wants to purchase the property to expand their operations in their West Seattle location.

May Day Communication – OED provided business liaison staffing at the Emergency Operations Center (EOC) during the May Day event. Throughout the evening, we stayed in contact with the Downtown Seattle Association, Visit Seattle, and the Chamber of Commerce providing updates and information for messaging on Metropolitan Improvement District’s “eLERT” system. Everyone agreed the alerts and updates were very helpful in providing real-time information to their respective business communities, and the EOC staff appreciated having a business/policy perspective available on site.

Capitol Hill Entrepreneurial Women (CHEW) – OED staff met with members of CHEW to learn more about their frustration with the impacts of the Capitol Hill Block Party in particular and the difficulty of succeeding in daytime retail on Capitol Hill in general. Chris Swenson, who oversees the City’s Special Event permit process, attended the meeting and is working with the Capitol Hill Chamber to organize a meeting with CHEW and the Block Party to identify ways to lessen impacts.

Investing in Seattle’s Economic Strengths

Economic Development Commission – The group held its first meeting on May 30 at the University of Washington. Focus of the meeting was understanding Seattle’s economic strengths and challenges and our value added role with respect to the regional economy, and identifying a vision for what the group wants Seattle’s economy to be like in 10 years. The second meeting is June 6th where the group will finalize a vision and goal statement and start identifying specific areas where the Commission wants to lead.

Startup Initiative Launch – Mayor Mike McGinn and Councilmember Richard Conlin joined a group of industry leaders to announce a collaborative effort between the City of Seattle and leaders of Seattle’s technology startup community to develop a strategy for supporting early-stage technology companies, expand the number of startups, and firmly establish Seattle as an internationally recognized home for emerging technology companies. OED’s role will focus on connecting startups to supportive business services, maintaining and enhancing the StartupSeattle.com web portal, developing and launching a marketing campaign to promote Seattle as a place for top talent and venture capital, and forming and staffing an industry advisory group to nurture and guide the partnership. Full implementation of the program requires approval of additional funding and a new staff person.

SODO BIA Formation – The SODO Business Association has successfully reached 60% approval in their proposed assessment district and is now doing one-on-one meetings with Councilmembers. They are hopeful that their petition will receive Council Committee review later this summer.

Film and Special Events Report – 11 film permit applications have been submitted and/or processed so far between April 27 and May 10, hiring over 170 local cast and crew. Highlights include: Hand Crank Films filmed a music video for an independent musician on Capitol Hill; Washington State Lottery worked with Seattle production company Loaded Pictures to film a commercial in north Seattle; Mighty Media Studios filmed b-roll and low impact shots for a PopCap Games web video; and local production house World Famous filmed a corporate video for Microsoft in Wallingford. Please review the [Seattle Film Production List](#) for the complete list of permitted Seattle productions. Special Events upcoming in May include March of Dimes (5/4), UW Windermere Cup and Opening Day of Boating Parade (5/4), various Cinco de Mayo events (5/5), Cannabis Freedom March (5/11), the Color Run (5/12), and more. For a complete list of upcoming Special Events, please visit the [City of Seattle’s Special Events Calendar](#).

OED Undertakes “Lean Government” Training – Our department participated in a training session focused on process improvement using “lean” principles. The focus of this training was to give our staff new tools to increase efficiencies and better focus and manage our limited staffing capacity. Currently OED staff are all engaged in experimenting with a process improvement, conducting daily “stand up” meetings and trying on these concepts over the next few weeks. Feedback on the training has been positive and is most applicable in our finance, administrative and operations work.

First Hill Improvement Association – OED staff met with members of the First Hill Improvement Association (FHIA) to discuss the interest in commercial revitalization of the Madison business node. The group which is comprised of several representatives of both major hospitals and residential organizations and very interested in learning more about the *Only in Seattle* framework especially as more than 10,000 new residents are expected in the next few years. OED staff will continue to work with the FHIA as the OIS application release date approaches.

Investing in Workers

Youth at Work – The Seattle King County Workforce Development Council (WDC) has joined with the City to increase the percentage of private sector involvement in hiring youth interns over the summer. Both the City and the WDC have agreed to help employers facilitate the process of increasing the number of these opportunities. There was an informational breakfast on April 23rd, where attendees learned how to kick off this sustained effort to give Seattle youth the work opportunities they need to meet the needs of tomorrow’s workforce. The long term goal of this effort is to approximate the thousands of private sector supported employment opportunities for youth that are generated annually in cities like Boston, Chicago, Baltimore, and Louisville.

LOOKING FORWARD – THREE MONTH LOOK AHEAD

<i>Film, Music, Interactive Media Happy Hour:</i> Washington Filmworks Jobs Survey	May 29
<i>City Business Casual</i> – Life Sciences, Global Health	June 13
<i>Film, Music, Interactive Media Happy Hour:</i> Get a Real Job in Music	June 26
<i>City Business Casual</i> – Maritime	July 11
<i>Film, Music, Interactive Media Happy Hour:</i> Get a Real Job in Film	July 31

