



City of Seattle
Office of Economic Development

Memo

Date: July 16, 2013

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

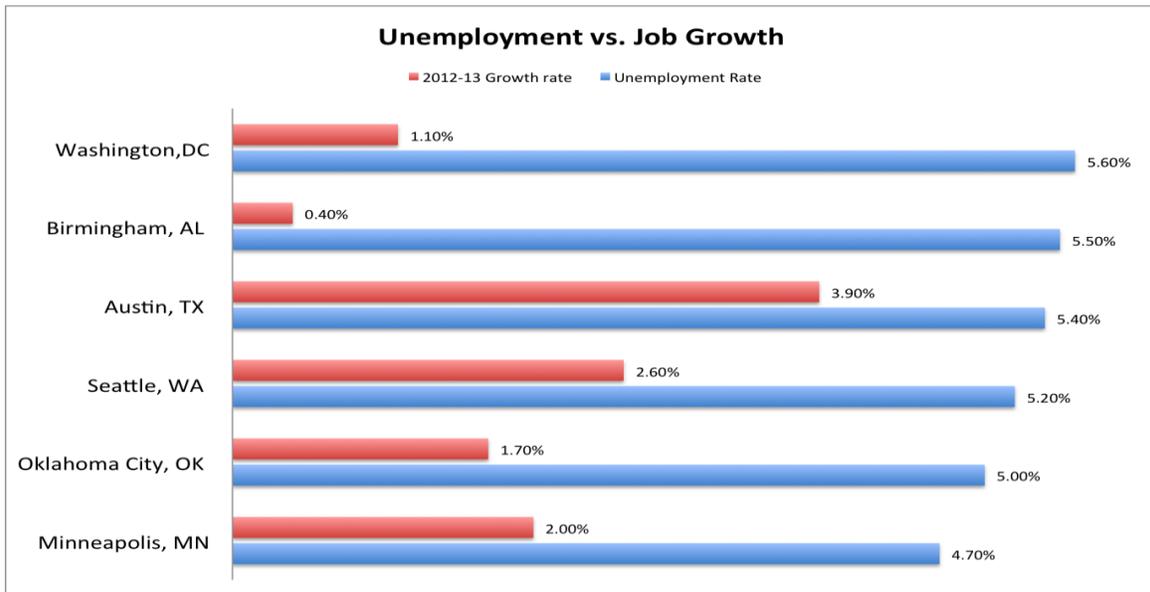
CC: David Yeaworth, Legislative Assistant to Councilmember Sally Clark

From: Steve Johnson, Director, Office of Economic Development

Re: Office of Economic Development Director's Report

The Office of Economic Development subscribes to the databases and publications of Economic Modeling Specialists Intl., a company that specializes in turning labor market data into useful information to help policy makers understand the connection between economies, people, and work. An EMSI publication earlier this month included two analyses that show Seattle's recovery in a favorable light and also indicated ongoing fundamental weaknesses in the national economy.

Unemployment vs. Job Growth: [The first EMSI report analyzes metropolitan areas](#) for both unemployment and job growth. The underlying assumption is that optimum conditions require positive trends in both categories. As the chart indicates, their findings are encouraging for Seattle relative to virtually all other metropolitan areas, with the exception of Austin, Texas.



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Temporary Employment: [In the second analysis, EMSI reports that temporary help services](#) have contributed the most *total* jobs since the recession. This is a relatively low-paying sector that EMSI estimates has 765,000 more jobs in 2013 than it did at the start of 2009.

- Temp help accounts for 15% of all job growth nationally the last four years (not including self-employment), even though the industry makes up 2% of the nation’s workforce.
- The share of job growth since 2009 that can be credited to the temp sector is much higher in some metropolitan areas: 65% in Cincinnati, 51% in Milwaukee, 46% in Kansas City, and 40% in Chicago and Philadelphia.
- Manpower, one of the world’s largest staffing firms, reports that in good times 60% to 70% of its people receive a full time offer while on assignment. Currently, that conversion rate is about 30%.
- By comparison, only 7% of Seattle job growth comes from the temporary sector and at an average wage of \$52,000 per year, Seattle has one of the highest wages for temporary employees in the country.

Investing in Businesses: OED 2013 Results by the Numbers (as of 7/10)

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 \$4.6 million to 4 businesses creating and retaining 98 jobs.
Company visits	<ul style="list-style-type: none"> • 214 companies have been visited by OED staff and our partners • Targeting 500 business visits in 2013.
Businesses assisted	<ul style="list-style-type: none"> • 94 businesses were connected with resources or were helped with a permitting or policy issue. • Targeting 250 businesses to be connected with resources in 2013.
Permits Issued	<ul style="list-style-type: none"> • 185 film permits and 183 special events permits for a total of 368 permits issued. • Targeting the issuance of 700 permits in 2013.
Pathways to Careers	<ul style="list-style-type: none"> • 1054 low-income individuals receive career planning and related support services. • Targeting 400 low-income individuals in 2013. • 639 students enrolled in adult education and training (since beginning of school year, Sept 2012). • 284 of program participants placed in jobs. • 51 individuals enrolled in Career Bridge. • Targeting 90 participants enrolled in <i>Career Bridge</i> in 2013.

Section 108 Annual Report – The City of Seattle’s Section 108 Loan Program has loaned \$64 million to 16 projects for capital development since 1996. Currently, four projects have been repaid in full, leaving 12 projects under OED’s asset management. To date, the program has created 515 permanent jobs and 226 unit of affordable housing. There are no delinquencies or defaults and the program continues to be a valuable financing tool successfully implemented by OED. Please see the attached 108 Loan Portfolio Update.

Restaurant Permitting Executive Meeting – OED met with executive leadership from King County and the State of Washington on supporting an interagency effort to streamline restaurant permitting processes across City, County, and State agencies. OED staff proposed a work plan and discussed a memorandum of understanding among the agencies. All parties

agreed to the work plan, and the MOU was signed at the conclusion of the meeting. The meeting was well attended, and included leadership from the Mayor's Office - Michele Scoleri; Seattle City Council - Council President Sally Clark; Office of Economic Development - Steve Johnson; Public Health – Seattle and King County, Dennis Worsham, Chief of Staff; Governor's Office of Regulatory Assistance - Jesus Sanchez, Director; and WA State Dept. of Commerce - Brian Bonlender, Director. With the signing of the MOU, OED has requested a lifting of a budget proviso dedicated for this work and will now convene an interagency team to address the proposed work plan.

Seattle Investment Fund NMTC Investment Committee and Advisory Board – held their 2nd quarterly meeting for the year on June 11th. Based on a recommendation presented by their Lender Selection Sub-Committee, the group voted to select National Development Council as the recipient for the remaining \$310,000 of program fee allotted for small business investment. They also voted to move forward with a NMTC Application for the 2013 allocation, which will be due in September.

High-Performance Buildings Pilot Project – Four participants have agreed to participate in this exciting project. The pilot project is a collaboration between OED, Seattle City Light, the Seattle 2030 District, Accenture and Microsoft. The team will be working with a cohort of major Seattle buildings and institutions to install the next generation of whole building controls that use predictive analytics to save energy and maintenance spend. The High-Performance Buildings Pilot Project launch was Tuesday, July 9th. The funding for this project is from a Federal Department of Energy grant.

Urban Lights Studios – a photography studio, renovated a facility in Pioneer Square for a new location. They were concerned that they would not have their permits to install a fire alarm system and other electrical work in time for their grand opening scheduled for the end of June. OED and SFD worked together to get plans reviewed and an inspection scheduled. The company is very pleased with the assistance they received and opened on time with a big celebration.

Field Roast – OED and SDOT have been working with Field Roast to review the streets around a facility they are considering moving to in SODO. The company is negotiating a lease for the facility, but the current condition of the side streets are unacceptable to the company CEO who is concerned the potholes in the streets are so bad that it will be difficult for trucks to pick up and deliver products. SDOT and Field Roast worked out an arrangement where a one year supply of gravel will be delivered to the new Field Roast facility where the company will fill in smaller pot holes that need repair on the streets. In the instances where the pot hole is too big to fix, the company will call SDOT and they will try to schedule emergency maintenance as quick as possible. In addition, SDOT has found funding to install 4 hour parking signs along the streets in the area. This will keep a lot of the large tractor trailer trucks from coming in and out of the area, and parking for long periods of time. Thanks to OED and SDOT's assistance, Field Roast will sign their new lease by July 15th, keeping the growing company and 40 employees in Seattle.

ClicData – Thanks to OED's assistance and information about Seattle, ClicData, a software development company, has decided to move forward with their plans to move from Lille, France to Seattle. The company has contacted the Start Up Really Fast (SURF) incubator in Pioneer Square and has submitted application for space. ClicData is also getting the necessary paperwork done to do business in the U.S and Washington State. OED will continue to work

with them on their relocation effort. The company currently has nine employees in France, but anticipates making new hires upon their arrival in Seattle.

Filson Headquarters Grand Opening – Roque Deherrera attended the ribbon cutting for Filson's new headquarters building, which includes manufacturing, office, and retail space. Joe McWilliams of the Economic Development Council of Seattle and King County read a Mayoral proclamation making June 12th Filson Day. The new iconic Filson sign, which DPD and OED helped to make happen, was in place and looked great. The event was well attended and the building turned out beautifully.

PRATT Fine Arts Center – Roque Deherrera and Randy Engstrom met with Heartland Real Estate Advisors, who are working with Pratt Fine Arts Center to evaluate, craft, and execute a plan for redevelopment of their campus at 19th and South Jackson Street. In general, Pratt wants to create an arts-based community, monetize their land asset in some way, expand their current space, and create a stronger connection with the Seattle community. Heartland and Pratt are currently in the vision-creation stage, exploring creative development schemes for the site that will bring value to Pratt, the community, and a development partner. Roque and Randy will continue to work with and advise Heartland and Pratt, and to help determine an appropriate partnership role for the City.

Bacco Café – a café and wine bar located near Pike Place Market, is looking to open a second location. The company received a loan through the Grow Seattle Fund to renovate and expand its current location. Due to growth and demand, the company is looking for financing again to set up a new location. The National Development Council is in the process of preparing documents to be submitted to the Grow America Fund for consideration.

Seattle Legal Messengers – a legal courier service, recently relocated their operations from 6th Ave N to Aurora Ave N. The company would like to renovate the building and make significant energy efficiency improvements. Seattle Legal Messengers is interested in financing the improvements through the Grow Seattle Fund. At this time, the company will wait a year and then get an energy audit to determine the need and amount of energy upgrades. The National Development Council will keep in contact with the company throughout this evaluation period, and will work with them to get an energy efficiency loan.

City Business Casual – The *City Business Casual* networking series continues to grow. The *Life Sciences & Global Health* themed event at the South Lake Union Discovery Center in June was a lively event with over 125 attendees, and lots of great discussion about these vibrant, growing sectors of our economy. July 11's event theme was *Maritime* and had 12 special guests related to this important industry sector, at the Highliner Pub in Ballard. August's theme is *Spirits and Craft Food*, and will also be held in a neighborhood location.

Investing in Seattle's Economic Strengths

Jobs Plan – OED is very excited that the 2013 Jobs Plan report was released June 25th with a press event at the South Seattle Community College's Manufacturing Academy, one of the *Pathways to Careers* programs. The press event highlighted the *Pathways to Careers* initiative and *Career Bridge* program, with moving remarks from a program graduate, underscoring the importance of these training programs in the lives of local people. The [2013 Jobs Plan Report and latest Economic Indicators](#) show that since 2009 total business income is up 9.4% and job growth is up 6.1%. Seattle is home to more than 502,000, a number that exceeds pre-recession totals.

Economic Development Commission – OED staffed the second meeting of the Economic Development Commission June 6th. The Commissioners heard a presentation from Living Cities in New York about how other cities are working together to tackle complex economic development challenges. The group fine-tuned their draft vision for the kind of economy they want to see in Seattle in ten years and started identifying major areas where they could exert leverage to make that happen. The next meeting is in September and there was agreement to meet in smaller groups between now and the next meeting.

Columbia City Farmer's Market – June 26th was the first day for the Columbia City Farmer's Market's new layout. The new arrangement used part of Columbia Park, more of the south side of Edmunds Street across from the residential homes and the playground on the School District property. The market was all west of the east driveway to Columbia School, allowing access for the contractor that is remodeling the school. All involved really appreciate that we received permission to use the School District property. Thank you, Councilmember Clark, for your assistance with that negotiation. People seemed generally happy about the new arrangement. The contractor for the school remodel was not yet onsite, so the real test will be when the contractor mobilizes and then again when school starts on 9/4 and the school will have to adjust how they enter and exit the building to observe the security issues on the west end of the building. OED followed up to make sure the clean-up was adequate and make any needed adjustments.

The University District Farmer's Market – has taken several steps forward in making the move from the University Heights parking lot into the street. Their plan to have the Market on University Way between 50th and 52nd has been approved by the neighboring property owners, including the 3rd Church of Christian Science. OED staff is continuing to work on a plan to allow access to the Church's Reading Room parking lot and is working with Central Staff to revise the covenant that regulates the use of the University Heights Center, now that the market will no longer need to be mandated to be there.

Community Cornerstones – The Commercial Stability component of the Community Cornerstones project is focused on economic development of the Othello/Graham area of MLK in Rainier Valley that preserves the multicultural business community. The Commercial Stability Committee has selected consultants to conduct a retail study and gather real estate data on properties in the area. These studies will be used to develop a common vision and plan for retail attraction and retention and to provide input to transit oriented development implementation coordinated by the City. The studies will be completed in the fall.

Film and Special Events Report – 15 film permit applications have been submitted and/or processed between June 22 and July 5th hiring over 900 local cast and crew. Highlights include: Lynn Shelton continued work on her new feature-length film *Laggies*, which wraps in early July; Amazon filmed a corporate video in South Lake Union Park and Seattle Center, focusing on their Kindle line of products; National Geographic began filming a pilot for a series focusing on foragers; and local production companies shot corporate videos and commercials for clients ranging from City U to Microsoft. Please review the [Seattle Film Production List](#) for the complete list of permitted Seattle productions. For a complete list of upcoming Special Events, please refer to the [Special Events Planning Calendar](#).

Special Events and the Waterfront – June 22nd and 23rd, the Special Events Committee issued two major event permits: Rock n Roll Marathon and Fremont Solstice Parade. The events happened without trouble and there were no negative media reports. However, the Committee did hear negative feedback from three Waterfront business stakeholders, including Argosy,

Victoria Clipper and the Port of Seattle. All three voiced issues with traffic congestion that created customer delays and have asked us not to permit the Rock n Roll Marathon downtown in 2014. The Committee is working with these stakeholders to learn specifics and to find creative solutions.

Capitol Hill Block Party Meeting with CHEW – In late April, Councilmember Clark was contacted by members of Capitol Hill Entrepreneurial Women (CHEW) voicing concerns the direction of the Pike/Pine neighborhood and how to keep retail activity and businesses thriving, and concerns about the impact of the Capitol Hill Block Party (Block Party). Steve Johnson worked with Capitol Hill Chamber Executive Director Michael Wells to convene a meeting between CHEW and Block Party organizers to discuss impact to local retail from the Block Party, and review community and business support and opportunities provided by the Block Party organizers. The meeting went well and Block Party organizers and CHEW have agreed to work together to develop mutual beneficial solutions. Special Events will continue to monitor for outcomes.

World Affairs Council visit to SURF Incubator – OED, in collaboration with OIR, arranged for a delegation of six entrepreneurs, small business owners, and government officials from Bahrain, Mexico, Singapore, South Africa, United Arab Emirates and Vietnam, to tour the Start Up Really Fast (SURF) incubator. They were invited to the U.S. by the Department of State on a professional exchange program entitled “Small Business Development.” Their tour of SURF, led by founder Seaton Gras, highlighted how the private sector can support small business development, as well as how accelerators, incubators and co-working spaces can be a tool for launching and growing companies.

Visit to Children’s Research Institute – Nine OED staffers participated in a tour of Children’s Research Institute’s process improvement efforts on June 14th. The group saw how three different work teams apply “lean” principles to their work. This tour gave OED staff the opportunity to explore ways that we might apply some of these principles in our own work as we continue our journey to improve efficiencies and manage our constrained capacity.

Investing in Workers

Inaugural Labor Market Working Group – Seattle Jobs Initiative convened the first regional Labor Market Working Group in June 2013. Attendees included all the labor market researchers from Seattle Community Colleges, Seattle /King County’s Economic Development Council, Port Jobs, WSU’s Social and Economic Science Research Center, Puget Sound Regional Council, and Berk Consulting, as well as SJI’s own research team - 11 participants in all. Participants were very engaged and excited by the possibilities of working together to build capacity from each other’s work and avoid duplicated efforts. A statement of purpose was drafted and will be refined and voted upon at the next meeting. Discussion also centered on the policy recommendations for which this group might advocate as a team of researchers and analysts. This event was partially funded by OED.

Career Bridge – Cohort 5 of Career Bridge is comprised of 10 men who graduated from the Employment & Training component the week of June 24th. As with the other 42 graduates, OED, HSD, and our community partners will continue to work with them as they seek employment and/or admission to a training program. We plan two additional cohorts this year, including one in August that will take place within Monroe State prison.

South Seattle City of Music Summit at Rainier Beach High School – June 7th, Seattle Music Commissioner Wyking Garrett produced the first annual South Seattle *City of Music* Summit in

partnership with Rainier Beach High School, Umoja PEACE Center, and the Seattle Parks Department. The event at Rainier Beach showcased the talent of their music program students, featured a panel of local music industry leaders and facilitated networking among Rainier Beach students; South Seattle based music makers, promoters, media, event producers/venue managers, educators and stakeholders in the broader music community. Students and attendees participated in a Q&A designed to raise awareness of music related career paths and provide attendees with valuable insights regarding ways to make a living with their creative talent. The Music Commission’s Youth + Community Committee intends to scale this community engagement model and produce similar events throughout the coming years.

OED and Seattle Community Colleges host Opportunity Nation event – On May 21st, Mark Edwards, Executive Director of Opportunity Nation, OED and Seattle Community College District hosted an engaging community conversation with regional representatives from K-12, government, CBOs, and foundations. Edwards highlighted two bi-partisan bills recently reintroduced: the CAREER Act focuses on aligning job training for youth with regional workforce needs; the American Dream Accounts Act awards grants to high school-college partnerships to provide college planning and financial support for low-income students. Jill Wakefield and Steve Johnson presented on a panel and gave an overview of how *Pathways to Careers* increases opportunity for working adults in Seattle.

Looking Forward

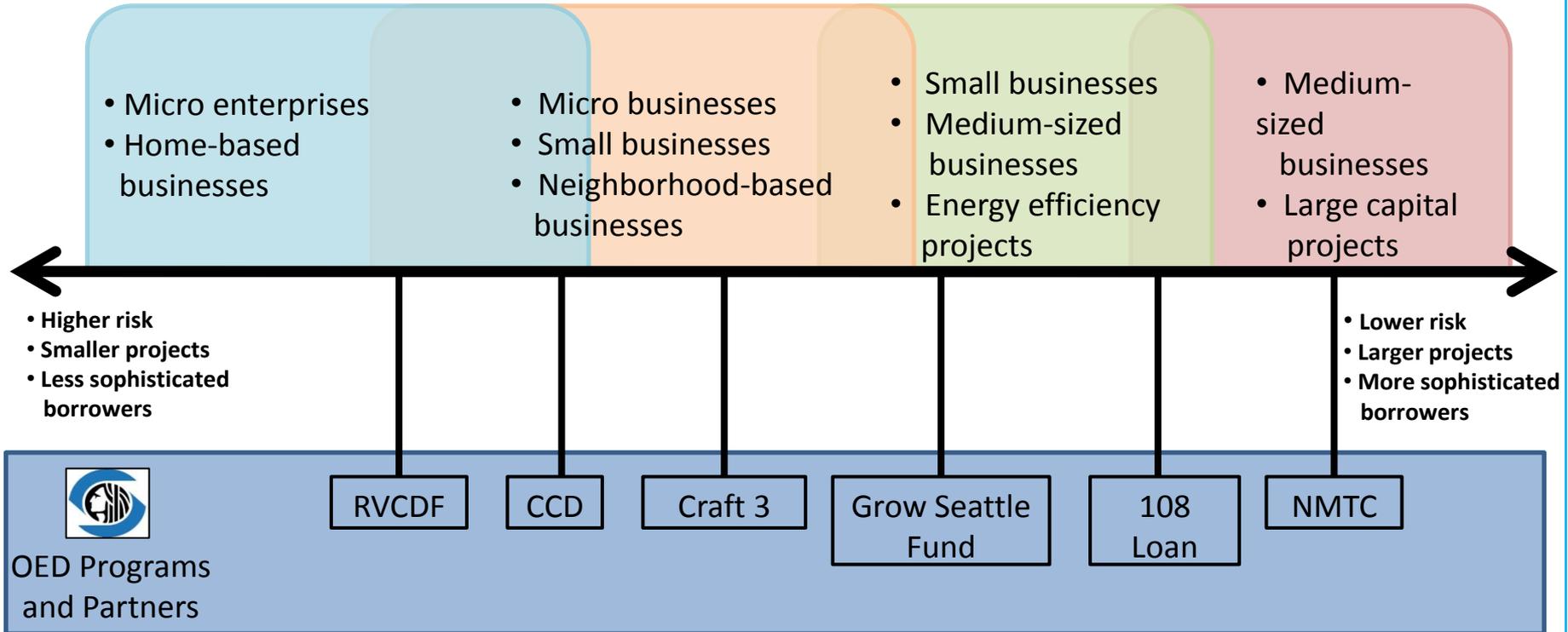
Film, Music, Interactive Media Happy Hour: Get a Real Job in Film	July 31
City Business Casual – Spirits and Craft Food Industry	Aug 8
Film, Music, Interactive Media Happy Hour	Aug 28
City Business Casual	Sept 12
Film, Music, Interactive Media Happy Hour	Sept 25
City Business Casual	Oct 10



108 Loan Portfolio Update

Seattle City Council
Committee on Economic Resiliency and Regional Relations
Steve Johnson, Tina Vlasaty, AJ Cari, OED
July , 2013

OED Financing Spectrum



108 Loan Program



- Since 1996, \$64M loaned to 16 projects.
- 4 projects have repaid loans in full.
- 12 projects currently remain under OED's asset management with an outstanding loan balance of \$27.5 M.
- 515 permanent jobs .
- 226 units of affordable housing.

108 Loan Program



- OED manages the active portfolio closely given challenges from the most recent recession.
- No delinquencies or defaults.
- The program continues to be a valuable financing tool successfully implemented by OED.



City of Seattle's Office of Economic Development

www.seattle.gov/economicdevelopment

www.growseattle.com

www.onlyinseattle.org

www.seattleinvestmentfund.com

