



City of Seattle
Edward B. Murray, Mayor

Office of Economic Development
Stephen H. Johnson, Director

Memorandum

Date: January 29, 2015

To: Councilmember Sally Clark
Councilmember Tom Rasmussen
Councilmember Kshama Sawant
Councilmember Mike O'Brien

CC: Jesse Gilliam, Legislative Assistant to Councilmember Clark
Brian Surratt, Mayor's Office of Policy and Innovation

From: Steve Johnson, Office of Economic Development

Subject: Office of Economic Development Director's Report

OED 2014 Results by the Numbers:

Business Finance Program	<ul style="list-style-type: none"> OED and our partners have lent more than \$8 million to 15 recipients (businesses and non-profit), creating and/or retaining 108 jobs.
Business Retention and Expansion	<ul style="list-style-type: none"> 249 businesses have been visited by OED staff and our partners. 524 businesses were connected with resources or were helped with a permitting or policy issue.
Permitting	<ul style="list-style-type: none"> 348 film, 443 special events, and 14 farmers' markets were permitted for a total of 805 permits issued.
Employment Outcomes	<ul style="list-style-type: none"> 3826 individuals received support services. 581 students enrolled in training. 643 of program participants placed in jobs. 344 students completing training. 125 individuals receiving Career Bridge services and jobs placement.

Investing in Businesses

National Association of Minority Contractors, Washington Chapter – OED's James Kelly, did a presentation on 1/8 to the National Association of Minority Contractors (NAMC) regarding OED's mission to help create a sustainable economy with broadly shared prosperity. OED supports a healthy business environment and empowers companies to grow and compete. James discussed how OED is divided into three teams, and his role with Access Seattle and the upcoming 23rd Avenue Corridor Improvements Project. James suggested they attend a pre-bid conference on 1/15 with SDOT.

Restaurant Success – DON referred OED's Restaurant Advocate, Jennifer Tam, to Ethiopian business owner, Solomon Dubie, who plans to transform his grocery store, Rainier Mini Mart into Cafe Avole. Cafe Avole will

be an "elegant, inviting and community-based cafe" offering the culture of Ethiopian style coffee. Jennifer will continue working with Dubie, helping him navigate through the regulatory processes of opening up his cafe as he moves forward with this project.

Fremont Brewery Company Visit – OED's Roque Deherrera visited with the Fremont Brewery and their architect the week of 1/12 to offer support for their 80,000 sq. ft. production expansion at 4700 9th Ave NW in Ballard. The new space will house a new brewhouse and new canning and bottling lines. The Washington Beer Blog reports that the brewery's production will increase to 100,000 barrels per year, which is eight times more than the number of barrels produced in 2013. Their choice to expand in Seattle was explained by Matt Lincecum, Founder/Owner, in the Ballard Blog, "We chose Ballard because of its strong manufacturing base and besides, the new brewery is only one block outside of Fremont. Even though it's very expensive, we're committed to remaining in the City and we simply refuse to accept that blue-collar manufacturing jobs can't coexist in the new Seattle." Roque and Bryan Stevens, DPD Industrial Permit Liaison and member of the Citywide Business Advocacy Team (CBAT), will continue to assist the Fremont Brewery with their expansion, including the development of a permitting strategy that meets their schedule and sustainability goals.

Quarterly New Markets Tax Credit (NMTTC) Seattle Investment Fund Meeting – The Seattle Investment Fund held its first quarter meeting on 1/7 with the Investment Committee and Advisory Board. The group voted to allocate \$9 million in NMTTCs to Neighborcare's Meridian Center for Health project, located in Northgate. The project, which is expected to close by the end of January, is a partnership with Seattle/King County Public Health and Valley Cities that will provide a wide array of integrated health services to low income individuals and those with little to no health insurance.

Pacific Hospital Preservation and Development Authority (PHPDA) Update – The participation of three new members was instrumental in providing PHPDA legal counsel instruction to figure out an acceptable way to enter into a lease with the Department of Commerce for use of the PacMed facility, which would house a variety of organizations and non-profits, including Seattle Colleges, Neighborcare, and Farestart, that are centered around providing training opportunities for low income individuals. The Governing Council decided to accept the Non Disturbance Agreement that had become a sticking point between the PDA and Commerce. OED is working to finalize our \$10 million New Markets investments in the deal based on the direction we received at our Investment Committee meeting in early January.

Startup Seattle – The Startup Advocate is building upon the success of the "office hours" program, offering technology entrepreneurs face-to-face meetings in co-working spaces. Expanding to a targeted 200 meetings in 2015 with a goal of removing obstacles to starting and growing startups, the advocate has set up monthly and bi-monthly sessions at WeWork, SURF Incubator, and Startup Hall.

Vaupell Industrial Company Visit – In early January, David Goldberg of DPD and Roque Deherrera of OED visited Matthew Barnett, Ballard resident and General Manager of Vaupell, in response to a letter he wrote to the Mayor regarding potential zoning changes in Ballard and support for industrial businesses. Vaupell, a plastics manufacturer, was founded in Seattle in 1947 and supplied the first plastic parts to The Boeing Company. Last year, Sumitomo Bakelite Company purchased Vaupell for \$265 million dollars to increase their business with Boeing. Vaupell employs approximately 350 in Ballard and they recently expanded and reinvested in their facility. Overall, Mr. Barnett spoke highly of the City, he generally supports minimum wage, recognizes Seattle is growing city, and wants to be more aware and more engaged with the community.

US Seafoods – OED's Roque Deherrera attended a site and vessel tour at US Seafoods along with the rest of the team (bankers, lawyers, engineers, etc.) that helped US Seafoods purchase and rebuild their new home on Lake Union (former NOAA site). In his remarks, owner Matt Doherty praised the City for maintaining the industrial zoning for the site, which allowed him to be able to purchase it.

Green Business Assistance – A small business off of Aurora needed assistance with their solar meters and a plugged storm drain in the alley near their property. OED's Green Business Advocate Stephanie Gowing worked with SCL and SPU to resolve both situations, and SPU unplugged the storm drain within a couple hours of the reported concern. "Thanks for helping me navigate," the business owner said to OED.

In Good Company Profile: Copacino + Fujikado – In an effort to highlight innovative businesses in Seattle, OED partners with the Seattle Metropolitan Chamber of Commerce and the Seattle Channel to produce video profiles of some of Seattle’s innovative businesses. In December we highlighted Copacino + Fujikado, a Seattle-based advertising agency that provides strategic planning and creative marketing communications for leading regional and national brands. Headquartered in downtown Seattle, the firm uses collaborative imagination as a business tool to help local businesses tell their story. From its client base, to many of its campaigns, the agency puts its heart and soul into promoting what makes Seattle such a special place. Its successful multimedia campaign for Visit Seattle received national attention and solidified Seattle as a year-round tourist destination. With 16 years in the business, Copacino + Fujikado is recognized for its creative approach and innovative solutions for clients big and small, its commitment to promoting Seattle, and its civic engagement in Seattle's local economy. [Click here](#) to view the video.

Investing in Seattle’s Economic Strengths

Plan for Changing State Law on BIAs – OIR, OED, FAS and the Downtown Seattle Association (DSA) met to decide our strategy for changing the state law governing Business Improvement Areas (BIAs). We decided to prepare for a more robust attempt in 2016 rather than proposing a moderate change this year. DSA has agreed to sponsor the bill and we will work on finding other partners statewide to join.

Special Events Policy Reform Work Begins – On 1/6, OED/OFM’s Chris Swenson, Tina Vlasaty, Kate Becker, and Michael McVicker coordinated with OPI at the initial Special Events policy reform planning meeting. Key City stakeholders from CBO, SPD, SFD, SDOT, FAS, DPD, CAO, and Parks participated. The planning meeting kicks off work groups that will meet throughout Q1 2015. External stakeholders and public input will begin in Q2 2015, with the expectation of new legislation presented by end of Q4 2015. Six key categories are targeted in this reform work:

- City vision for Special Events
- Managing Special Events volume
- Tracking departmental revenue and expenses/resources for Special Events
- Establishing a cost recovery framework for City resources for Special Events
- Streamlining organizer permitting process and departmental review of Special Events
- Clarifying definition of First Amendment events

U District BIA – The Finance and Culture Committee approved initiation of the U District BIA process on 1/14. Several businesses and residents attended to give public comment on the proposal. The primary opposition came from residents of one condo building, several of whom stated they were not opposed to the services to be provided but wanted more time to discuss the proposal in the community. Proponents for the BIA countered that community-wide work has been underway for four years and did not want to delay further. Many commenters stated that the University District Partnership, which will be fully realized through this BIA, was created with diverse community leadership and has been more effective at bringing different interests together to find solutions to issues. The Committee discussed the possibility of making a few amendments to the proposed ordinance to specify representation on the ratepayer board and clarify use of assessment funds. The resolution of intention to establish a BIA and resolution of intention to disestablish old BIA legislation went to Full Council on 1/20. FAS has scheduled a public hearing is set for 2/25.

The Westlake Cycle Track Project – SDOT and OED’s James Kelly spent 2014 on the planning phase of the project and in 2015 we will complete the design and begin construction. Throughout the planning process we got to know the people who work, live and commute along the corridor and gained a better understanding of the unique needs of water-dependent businesses. We also confirmed there is a growing need for dedicated spaces for people who walk, people who bike, and people who drive. The alignment locates the cycle track on the east side of the Westlake parking area adjacent to the sidewalk. One of the importance components of the Westlake corridor was to support economic vitality. We currently estimate the cycle track alignment will preserve up to 95% of the existing parking spaces in some segments and 85% in other segments.

Film, Music & Special Events

Film Report – Nine film permit applications have been submitted and/or processed to date in 2015. Two total permits were issued for shoot dates between January 9 and 16, including two for commercial and/or corporate work, hiring over 40 local cast and crew.

Special Events Report – 61 Special Event Permit applications have been received and are in process for 2015, with 10 of the events having now occurred. Special Events upcoming in January include seven march/rally events for Martin Luther King Jr Day (between 1/16-1/19), Seahawks Playoff Rally (1/16), and more. For a complete list of permitted Special Events please visit the [Special Events Calendar](#).

Seattle Hempfest Planning – On 1/13 Special Events Chair Chris Swenson met with Carlton Seu (Law) and David Mendoza to review 2014 Seattle Hempfest event debriefs and discuss planning for 2015 and beyond Hempfest events. Planning meetings for the 2015 event and separate planning meetings for future (2016 and beyond) Seattle Hempfest events have begun this January.

Leadership Tomorrow Sessions – OFM Director Kate Becker led two sessions on 1/8 focused on 'Arts and the Economy' with emerging leaders in the Leadership Tomorrow program. Much information was shared and many great questions were asked.

GSBA "The Business of Arts" Luncheon – OFM Director Kate Becker was the panel moderator at a luncheon with 100+ GSBA members on 1/14. Esteemed panelists included David Armstrong, Artistic Director, 5th Avenue Theatre; Linda Hartzell, Artistic Director, Seattle Children's Theatre; Ellen Walker, Executive Director, Pacific Northwest Ballet; and Kevin Boyer, Director of Marketing & Communications, ACT Theatre. Panelists shared 'inside' information on how arts organizations operate and the audience was highly engaged.

Filmed in Seattle, Amazon Studio's "Man in the High Castle" Begins Streaming on 1/15 – Amazon Studios released *The Man in the High Castle* on Amazon Prime on Thursday 1/15. This pilot, the only Amazon Studios pilot to film in Seattle, filmed in the Pioneer Square, International District, Georgetown, Downtown, and the SODO neighborhoods in the fall of 2014. The production hired over 100 local crew, 150 local cast, reserved over 1200 room nights, and contracted with over 200 local vendors. OFM staff coordinated 26 filming days in Seattle with multiple City, County, and State agencies, and multiple neighborhood business and community liaisons. Right out of the gate, *The Man in the High Castle* is garnering rave reviews and has been called the one pilot destined to become a full series. Hosting a television series is one of the top goals to solidify Seattle's filmmaking industry. Seattle and Western Washington have not hosted a television series since Northern Exposure. If the series goes into production, hosting its filming in Seattle would change the face of the regional film industry. It is unlikely that Seattle, and Washington State, will be able to compete for the series unless the state legislature increases funding for Washington's Motion Picture Competitiveness Program (film incentives).

King County Public Health Permit Fee Update – In the fall of 2014, OED was informed of planned King County Environmental Health Services fee increases. Immediate farmers market and event organizer feedback was that the fee increases were too extreme (in some increases as high as 700%) and did not take into account social, community, and small business issues. OED worked with King County Public Health to schedule a series of public hearings regarding the increase proposals leading up to the 12/18 Board of Health (BOH) review. In early January, the BOH subcommittee met by conference call, during which CM Clark presented the proposal to move forward with all fee increase proposals except for the proposals in the market and event subsection. The subcommittee agreed and went farther in their recommendation to include moving forward with the other food subsections (restaurants and food trucks). The BOH subcommittee recommended more research be performed related to farmers markets and events, and will reconvene later in the year to discuss those fees.

Investing in Workers

Seattle City of Music Internship – The Seattle Music Commission launched a year-long internship program in December 2014, with an open call for applications. Over 100 applications were received and, after a rigorous interview and selection process, two City of Music interns were selected and begin the 12-month program in

early January. The program is divided into four internship experiences with each intern spending three months at KEXP, a Seattle-based non-profit radio station; Seattle Theatre Group (STG), a non-profit arts organization which operates historic theaters; Sub Pop Records, a legendary record label that has been signing artists and selling records since 1988; and Rhapsody, an online music service. The hope is that every individual who completes the program will come away from the internship with a broadened perspective on Seattle's music and the many organizations that maintain its importance as a staple of the city's culture. The program is produced in partnership with Sub Pop and KEXP.

Economic Development Commission (EDC): Maritime and Manufacturing Workgroup – The EDC's Maritime and Manufacturing Workgroup has a mission to *strengthen Seattle's position in maritime and manufacturing*. The group includes Vigor Industrial; US Seafoods; Steve Sewell, Governor Inslee's Maritime Sector Lead; Shani Watkins, Principal of Seattle Skills Centers; and more. In support of their mission, the group is working to develop a program that would provide tours of maritime and manufacturing for "rising freshmen," meaning students that are between 8th and 9th grades. The tours would be fun for the students, include conversations with young workers who can relate to students, and easy-to-understand information about education and career pathways for these sectors. The EDC, with financial assistance from OED, will be contracting with Dave Gering of the Manufacturing Industrial Council to further develop the program, partner with the Seattle Skill Centers, and execute tours in the summer of 2015.