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Seattle City Councilmember

Committee on Housing Affordability, Human Services, and Economic Resiliency

Office of Economic Development (OED) Director Confirmation -- Questions for Written Responses

1. What are your major goals for OED over the next four years?

Seattle is a special place that cultivates ideas and people impacting the world without sacrificing our values of shared prosperity and opportunity. We are home to organizations leading the global cancer-fighting immunotherapy and cloud-computing revolutions, unique urban industrial corridors, and vibrant, culturally-rich neighborhoods, and we are a community unafraid to address the socially disruptive effects of income inequality. In order to continue our success, we must work diligently to maintain our economic diversity, support our most innovative companies and help all Seattleites gain access to our economy.

OED will build a culture of continuous improvement and develop a strategic approach to economic development that is disciplined and clear and tells Seattle's compelling story. Several important strategies will frame OED's work moving forward: 1) ensuring that we deliver the most effective services to Seattle businesses so that the "mom and pop" pho restaurant and our most recognized global companies find value in working with city government; 2) working with industry partners to boost competitiveness and support entrepreneurship in our key business sectors, including manufacturing and maritime, biotechnology, healthcare, information technology, clean technology, film and music, and tourism and hospitality; 3) creating targeted workforce education and training to help all Seattle residents compete for high-demand jobs; and 4) working across city agencies and with community partners to implement neighborhood business strategies that meet Seattle's growth needs.

Imbedded in those strategies will be a number of new initiatives that OED will explore, including making Seattle a national leader in exports and foreign direct investment and branding Seattle as a national center for art, film, music and other creative sectors. We will also look for innovative solutions with employers and the labor and education communities to ensure Seattleites with the highest barriers have access to careers and achieve economic success.

Whenever my service to Seattle in this role ends, I hope to leave an office that has helped create a climate that allows all Seattle businesses to thrive, built successful public-private partnerships ensuring our leading sectors compete in the global market, and helped Seattle workers—especially those from our communities of color and other vulnerable communities—prosper in our economy.

2. What do you see as the primary challenges facing the agency in the next four years?

Small Business Support: The City will face increasing demands for assistance from Seattle's small business community and better partnerships with City government. The broader business community often does not feel the City is effectively organized to address their issues, whether it is navigating daunting regulatory systems or inadequate resources to meet business needs. OED must play a leadership role in addressing these and other issues to build trust with the broader business community.

Construction Impacts on Businesses: Seattle is facing unprecedented growth and development throughout the city. In 2013 and 2014, there were over 100 projects in the Center City which were under construction, with an additional 127 proposed redevelopment projects throughout the city. Construction projects have the potential to engender long-term economic benefits for the surrounding area, but in the short term, many of these projects have the potential to harm businesses by limiting

access and changing customers' shopping patterns. The City must develop and implement more effective construction mitigation services to limit the negative impact these projects have on surrounding businesses.

Troubling, Persistent Income and Skills Gaps: In the face of Seattle's continued economic success, we continue to grapple with a persistent income and skills gap, particularly for many in our communities of color. Seattle will continue to create thousands of new jobs in manufacturing and technology with good wages that will require talent development and training. For low-income workers and communities of color, however, there are significant barriers to accessing these jobs. OED must continue to work with industry, labor, and education leaders to develop accessible pathways to these training and education opportunities and improve employment services for low-income adults who face multiple barriers to employment and career advancement. Failure to address the issue of income inequality and the skills gap will ultimately undermine both Seattle's social justice interests and economic competitiveness.

Regional Economic Development Collaboration: Seattle is the economic driver of the state and region, and we must be more active and visible in working with the State, King County, Port of Seattle, and other partners across the region. The region's economic development vision is fragmented and leaders from our most important industries are seeking renewed leadership, the City has an opportunity to play a stronger role. We must clarify our economic interests and develop and execute a compelling and effective economic development agenda that aligns with the region's priorities.

The Economic Cycle: Seattle is eight years into an extraordinary economic recovery. As evidenced by the continued frenzy of construction activity throughout the city, there are no immediate signs that the growth will slow down anytime soon. Seattle is in an enviable position because our fundamentals are sound. However, Seattle's economic cycles typically run in 10-15 year waves, so eventually we will see a slowdown. Now is the time—while the economy is still very strong—to develop and execute policies and programs to ensure that we maintain our economic diversity, reimagine government to effectively plan and accommodate new growth, and ensure new economic opportunities are available to all Seattleites.

3. Are there any emerging economic development trends or activities that you think the City should pursue? How will you, as Director, ensure that OED stays up-to-date on innovative economic development practices and maintains a forward-looking work program?

OED plans to build out an "economic intelligence" function. In addition to tracking the obvious economic metrics, such as the local unemployment rate and business growth, we need to better understand other fundamental economic indicators such as labor market shifts, technology trends, and demographic changes. We also need to be much more current on trends impacting each of our key industry sectors, such as investment activity and development patterns.

We must also expand our nascent relationships with leading national organizations focused on economic development policy. For example, the Brookings Institute, the Aspen Institute, and the Kauffman Foundation are driving innovation in metropolitan-scale economic development, seeking better alignment of educators, worker advocates, and employers to improve workforce development and training, and helping cities cultivate city-scale entrepreneurial networks. These institutions are testing and cataloguing economic development best practices from across the country and Seattle must leverage these relationships and look for opportunities to apply those ideas in our community.

4. How will you direct the work of OED so that economic prosperity reaches all in our community, especially residents who are often left behind?

OED continues its commitment to apply a race and social justice lens in the development and implementation of our programs and policies across the agency. Four specific areas in which we see the most direct connections with expanding economic prosperity include:

- Investing in workforce development and training to address the overwhelming nature of the income and skill gap (fuller discussion in Question #5);
- Working with immigrant businesses to make sure their unique needs are met;
- Developing targets and goals for conducting outreach to diverse communities and providing direct assistance to Women and Minority Business Enterprises (WMBE); and
- Executing our Only in Seattle program in historically underserved neighborhood commercial districts including those in the Central Area, Southeast Seattle, and Chinatown/ID.

5. The City has long supported workforce development programs that provide training and other assistance to underserved populations. Examples include, but are not limited to, the Seattle Jobs Initiative, Career Bridge, and the Seattle Youth Employment Program. Under your leadership, how will OED continue to help Seattle residents overcome barriers to employment to achieve their educational and career goals?

OED's workforce development strategy focuses on connecting low-income Seattleites with jobs with family-supporting wages and a career path by building skills and education. This is accomplished in one of three ways: 1) investing in organizations, programs and systems that serve low-income working adults; 2) building connections and partnerships across employer, education, human services, housing, and labor interests that support career pathways; and 3) promoting policies that support post high school educational or training attainment and attachment to good jobs for low-income working adults and youth.

OED will continue to target its workforce investments to provide traditionally underserved residents with the training they need at different points in their path to self-sufficiency. We work with businesses to make sure they look locally to hire the skills and talent they need to grow. Primarily through our investments in three agencies, Port Jobs, Workers Center and Seattle Jobs Initiative, we will reach over 1,500 Seattle residents annually. At least 550 Seattle residents will receive intensive support services to increase training completion, job placement and long-term job retention.

OED aligns these investments with the work of key workforce partners, including the Seattle Colleges, the city's largest provider of workforce education and training and transfer students. In 2012-13, Seattle Colleges enrolled 45,857 students, of which more than half were working adults. Of those working adult students, 59 percent were employed part-time, and 41 percent were employed full-time. By helping Seattle Colleges target recruitment for this population, OED is leveraging the Colleges' training capacity to move low-wage workers into high demand jobs. An example of the collaboration with the Seattle Colleges is our work with SEIU 775 NW Training Partnership to develop on-the-job education and training programs that will offer entry-level home health care workers a pathway to registered nursing and other healthcare careers.

OED will also continue its partnerships with the Human Services Department, Office of Immigrant and Refugee Affairs and the Department of Human Resources to further align strategies to allow more low-income residents to pursue a postsecondary education and/or career. Going forward, the Mayor's Youth Employment Initiative will continue to expand through the formation of a new intermediary function, connecting more youth to internships and employment opportunities.

6. What are your views on expanding foreign direct investment in Seattle's economy? Are there specific opportunities or strategies you think the City should pursue in order to encourage more non-U.S. entities to open Seattle offices and/or invest in local firms or projects?

As one of the most globally connected cities in the world, Seattle has a unique opportunity to enhance its ability to attract foreign direct investment (FDI) to help fuel our most competitive industries. Increasing FDI is a valuable economic development tool that can be utilized to grow capacity in local industry, deepen supply chains and export markets, and assist in the diversification of a robust and sustainable regional economy. In 2014, Seattle joined cities across the country to partner with the Brookings Institute's "Global Cities Initiative" and was challenged to develop a strategy to expand its ability to attract FDI. Last year, the Brookings Institute funded the publication of the "Greater Seattle Region Global Trade and Investment Plan" and found that FDI is disproportionately attracted to cities like Seattle which possess a pool of skilled workers, dynamic innovation ecosystems, robust supply chains, and multi-modal transportation infrastructure. Though the region supports more than 66,000 jobs tied to FDI, the Brookings Institute analysis also concluded that Seattle underperforms when compared to other cities despite our robust economy and economic strengths.

Until this year, the City has never prioritized FDI or other international business opportunities – we recently hired our first-ever International Business Development Manager. The City now has an opportunity to work with regional partners to be more proactive and promote the sectors of our economy most receptive to FDI, such as the life sciences, information technology, and manufacturing, and connect them to investors from markets seeking new opportunities, such as China, South Korea, and the United Kingdom.

7. Are there any shortcomings in the City's current economic development strategy that you believe should be addressed?

OED has a strong record in customer service and implementing neighborhood commercial district strategies. However, we need to be much more strategic with our leading industry sector partners and build new programs and initiatives that are relevant to these sectors. Our partners must see expanded leadership from the City and view us as a key convener and thought partner in order to develop shared strategies to foster and grow our most promising and critical industry sectors.

As discussed earlier, we need to be more visible and proactive in working with regional partners and better articulate Seattle's economic goals and align our interests with the region's economic development priorities. Seattle must play a leadership role here.

We must be better at telling our economic story (see response to Question #12). Seattle is too modest in talking about our strengths—Seattle is very unique in our economic diversity, growth and commitment to sharing prosperity.

There is also an opportunity to better align the City's infrastructure investments with economic development. For example, Seattle will continue to make significant investments in our transportation infrastructure and we must make sure these improvements support economic development. The Mayor recently announced the formation of a new Office of Planning and Community Development, which will help the City better coordinate planning, prioritize infrastructure investments, and attract partnerships to leverage economic development opportunities where needed most in the city.

8. How will OED approach customer service under your leadership? What improvements do you hope to achieve in the future in the area of customer service? What are your measurable customer service goals?

OED will focus on the following core customer service principles: 1) building trust by effectively delivering on customer needs and taking responsibility for satisfaction; 2) developing collaborative relationships with business, workforce, labor, and community partners to align interests and develop

strategies to accomplish shared goals; and 3) communicating timely information clearly to ensure our partners and customers are aware of our latest thinking.

To date in 2015, OED's current business services team has provided direct assistance to nearly 500 businesses. As we move forward, we will reevaluate the effectiveness of our small business assistance program to better meet the broad range of technical assistance and financing needs of micro, small, and growing businesses, as well as the unique needs of immigrant owned businesses and WMBEs. Measurable customer service goals will include increasing the number of business assisted, retained, and expanded. Additional near-term efforts to improve customer service include the following:

- OED's Special Events Office will explore additional capacity to improve permitting functionality to increase turnaround time on issuing permits, decrease response time to customer questions, and evaluate and develop new measures to mitigate event impacts;
- The City's Startup Seattle program currently meets with over 200 technology startups per year, conducts office hours at three co-working spaces, and is currently slated to expand to two additional spaces by the end of 2015. However, the geography is limited to Pioneer Square, University District, Downtown and South Lake Union. As we continue to assess its effectiveness in triaging and addressing obstacles to startups' growth and track the most pervasive issues facing entrepreneurs, we will explore further expansion to better reach under-served communities;
- We will examine expansion of the current network of business organizations, including neighborhood chambers of commerce, throughout Seattle, to help connect small businesses with services offered by OED and its economic development partners; and
- OED will revisit the formation of an internal team of senior-level staff representing City departments most actively engaged in business regulatory matters to resolve complex business issues that cannot be addressed through normal channels.

9. How will you promote intergovernmental relations and foster partnerships with other governments (e.g., local, state, federal) and other economic development organizations to advance the City's economic development interests?

As noted above, Seattle must play a visible leadership role in the region's economic development. Through OED's technology startup, restaurant, and green business advocates, the City works closely with the Washington State Department of Commerce and other regional partners to help companies identify resources to grow. OED has successfully launched new initiatives to improve the restaurant permitting process across multiple jurisdictions and better align regional environmental services for Seattle businesses. We must build on these multi-jurisdictional successes and continue to work with regional partners to support Seattle's economic development goals.

An example of recent regional collaboration was working with the State to ensure the long-term growth of Juno Therapeutics by locating its corporate headquarters in South Lake Union and its clinical manufacturing facility in Bothell. Emerging opportunities for deeper regional coordination includes the Brookings Institute's "Global Cities Initiative" where regional partners are beginning to work on our ability to attract foreign direct investment for our key sectors, including aerospace, information technology, and biotech and life sciences. We must also look to improve coordination with the federal government to align local industry interests and needs with funding priorities of federal agencies, including the U.S. Department of Commerce and U.S. Department of Energy, looking to spur economic development in our city and region.

10. What do you believe to be OED's role in helping to improve the overall health and vibrancy of the City's neighborhood commercial corridors? How will you conduct outreach to neighborhoods? How will you partner with the Department of Neighborhoods?

OED has successfully delivered a disciplined, proven investment strategy to neighborhood commercial districts throughout Seattle. The Only in Seattle program continues to help business districts organize, develop visions and priorities, and take action. The success of our investment approach has been its ability to work intimately with neighborhood commercial districts, honestly assess their respective strengths, and develop shared workplans. In recent years, OED has worked much closer with the Department of Planning and Development (DPD), the Department of Neighborhoods (DON), and the Department of Transportation (SDOT) to coordinate community outreach, manage short- and long-term planning, leverage investments, and implement work.

We are also working with DON's targeted outreach program this year to increase racial inclusion in business districts. OED's approach to commercial districts – a clear investment framework, active community engagement, and alignment with city resources – has been a successful model, and we look forward to introducing this model to the new Office of Planning and Community Development as the City works to develop even better planning and implementation between departments.

11. The booming music and technology industries of Austin, Texas are examples of successful community-wide alignment. How will OED, under your leadership, build upon existing collaborative efforts to further advance Seattle's music and technology industries?

Austin's "South By Southwest" festival is a shining example of the cross-pollination of the music and technology communities. In Seattle, with the Office of Film and Music's (OFM) leadership and the addition of the OED's Startup Seattle program, we have a unique opportunity to better explore and support the intersection of music and technology and more effectively leverage the City's assets in these sectors.

As the music industry evolves, technology has enabled new distribution strategies, the democratization of funding (through platforms such as Kickstarter), and new methods of fan engagement. From powerhouse Rhapsody to startup Ziibra, Seattle-based technology companies are helping shape the way we consume music and discover musicians. Further, the gaming industry is one of the clearest intersections of music and technology, and Seattle is a recognized leader here, thanks to success factors such as software and mobile development, as well as our artists and musicians.

OFM and Startup Seattle are already partnering on the monthly "Film, Music and Interactive Happy Hour" and can deepen such ties by jointly focusing on initiatives such as talent development through promoting more "STEAM" education and increasing our youth's access to professional opportunities. With a new focus on creative industries, together, OFM and Startup Seattle can empower musicians to earn living wages, entrepreneurs to continue to innovate, and Seattle to demonstrate exert global leadership in this growing sector.

12. Please describe your approach to managing external communications and media relations to promote the City as a place for businesses to locate and stay?

People in the business of promoting Seattle—marketing and communications professionals, talent recruiters, tourism professionals, and trade groups—are demanding content, data and resources to help them shape ideas and develop marketing campaigns that tell Seattle's unique story. OED must play a role in curating these resources and tell Seattle's economy stories that:

- Demonstrate creativity, innovation and a pioneering spirit;
- Show the importance of place, our natural and built environment;
- Are unconventional, transformative, global game changers;
- Illustrate the richness of our ethnic, cultural and social environment;
- Highlight the value of collaboration; and

- Demonstrate our spirit of generosity and philanthropy.

In order to amplify these key qualities about Seattle, we will work to better coordinate existing marketing efforts and develop a shared platform to increase the consistency of Seattle’s messaging.

13. What opportunities do you see for improving collaboration between your agency and other City departments?

As noted above in the description of our workforce development work and *Only in Seattle*, OED has a successful track record of working collaboratively across departments to improve policies and programs that support economic development while also making our agency more efficient and effective. Below are additional examples of OED’s work across departments:

Program/Initiative	Issue/Goal	Departments
City Business Advocacy Team	Interdepartmental team to resolve business issues that cannot be addressed through normal channels	OED, DPD, SDOT, SFD, SPU, SCL, SPD, DON, ARTS
Business Improvement Area Reforms	Improve policies and procedures to ensure future and existing BIA’s are successful	OED, FAS
Access Seattle	Coordinate construction activity to ensure business and pedestrian mobility, commercial and cultural vibrancy in construction hubs	OED, SDOT
Startup Seattle	Hack the Commute – applying technology solutions to improve transit/commute options	OED, DoIT, SDOT
Regional Green Business Program	Develop regional green business program to help business more easily take advantage of existing resources and green business incentives	OED, SPU, SCL, OSE
Special Events Reform	Improve quality and delivery of service to Special Events in Seattle	OED/OFM, FAS, SPD, Parks
Youth Employment	Increase access to employment and career opportunities through expanded summer internships	OED, HSD, SDHR

14. Going forward, how will OED continue to address racial and social inequities as part of the City’s Race and Social Justice Initiative?

OED is proud to be made up of a talented group of public servants that reflects our community’s diversity. Our staff will continue to work to address racial inequalities that remain in our community by ensuring the application of a race and social justice (RSJ) lens in the development and implementation of our programs and policies. Important to this endeavor is continuing to develop staff’s understanding of RSJ issues through professional development and institutionalized use of tools such as the Racial Equity Toolkit.

Additionally, OED sets workplan goals identifying the many ways that it can further support the RSJ Initiative. These goals are relevant to setting WMBE outreach targets and WMBE use in consultant/contract spending within the context of broader program implementation. Other RSJ goals are intrinsic within certain program’s implementation, such as our workforce development work, developing clear career pathways for low-income adults who face multiple barriers to employment and

career advancement. Another example is the Startup Seattle program, which also emphasizes a social justice lens in the expansion of the tech/startup talent pipeline. The program focuses on providing access and opportunity to under-served communities (young women, students of color, those with a low-income background), regarding STEM education, hands-on entrepreneurial experiences, relatable role models and mentors, and ultimately career opportunities.

- 15. The allocation of NMTCs to specific projects in the City has generated \$790,000 in fee revenues that can be invested in economic development projects in the City. These funds have been used to support façade improvements in local business districts, the Grow Seattle lending program, and will shortly be used to support crowdfunding for Seattle Made and new incubator space(s) for industrial/manufacturing businesses. There are currently no formal policies that guide the investment of these funds. What are your thoughts about the development of such policies? If such policies are developed, what specific goals and outcomes might they seek to achieve that are consistent with the intent of the City's NMTC program?**

The City's New Markets Tax Credit (NMTC) program is managed by the Seattle Investment Fund, LLC (SIF), the entity created by the City to manage this federal program and to support a broad range of small to large real estate and business projects. NMTC investors participate in the program to receive tax credits for mid to large size projects (i.e., projects with at least \$7 million in development cost). Then, SIF collects fees from NMTC investors and reinvests such fees into business projects that are too small to attract direct NMTC investment.

To date, SIF has generated \$790,000 in fee revenue to be utilized for small businesses. SIF's Investment Committee and Advisory Board have developed policy guidelines for investing fee revenue. The Mayor's Office and City Council, as members of the Investment Committee, participated in the development of these policy guidelines and approval of the investment decisions. This fee revenue has been fully allocated based on the following policy guidelines:

- Fees must be used to provide benefits to small businesses;
- Uses generally cannot be financed with existing City funds;
- Uses must demonstrate project readiness; and
- Leverage other financing.

OED does outreach with its networks, including the SIF Investment Committee and Advisory Board to identify potential projects. The projects and use of fees are then vetted, prioritized and approved by the SIF Investment Committee and Advisory Board. These guidelines are intentionally set up to be general to accommodate the wide range of potential applications to small businesses. In terms of goals and outcomes related to the use of the fees, SIF prioritizes projects based on their impacts, including but not limited to job creation and retention, business performance and tenancy and sector impacts. These outcomes are identified based on the type of project and are then tracked through contracted reporting requirements to quantify resulting community impacts.

This framework has been consistently applied to the use of these fees to date. As SIF is awarded new allocations and earns additional fee, we welcome any additional feedback from the SIF Investment Committee and Advisory Board on directing the use and prioritization of these funds.