

**Overview and Initial Issues Identification
Office of Economic Development (OED)**

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Expenditures/Revenues

	2015 Adopted Budget	2016 Endorsed Budget	2016 Proposed Budget	% Change Endorsed to Proposed
Expenditures by BCL				
OED	\$7,608,750	\$7,568,677	\$7,919,172	4.6%
Community Development Block Grant – OED	\$1,535,683	\$1,470,354	\$1,470,354	0%
Total Expenditures	\$9,144,433	\$9,039,031	\$9,389,526	3.9%
Total FTEs	25.50	27.50	31.00	12.7%
Revenues				
General Subfund	\$7,608,750	\$7,568,677	\$7,919,172	4.6%
Other Revenue Sources	\$1,535,683	\$1,470,354	\$1,470,354	0%
Total Revenues	\$9,144,433	\$9,039,031	\$9,389,526	3.9%

Introduction:

The 2016 Proposed Budget for OED is almost \$9.4 million. This reflects a 3.9% increase (about \$350,000) from the 2016 Endorsed Budget. Major increases in appropriations are due to:

- 1) \$197,000 transferred from the Office of Intergovernmental Relations (OIR) to OED that funds the international business development program;
- 2) \$215,900 to expand the Office of Film and Music's special events capacity; and
- 3) \$175,000 to support the Seattle Youth Employment Initiative.

OED proposes adding three full-time positions and increases one position from half-time to full-time (3.5 FTE). One Strategic Advisor 3 position is transferred from OIR to OED for the international business development program. One administrative specialist and one administrative staff assistant are added to the Office of Film and Music to work on special events permitting. Lastly, a part-time public relations specialist is increased to full-time and reclassified as a community development specialist to work on developing economic intelligence for OED. These positions would increase OED's FTE total to 31.00.

Identified Issues:

1) Funding for the Trade Development Alliance of Greater Seattle (TDA)

The transfer of the international business development program from OIR to OED totals \$197,134, which includes the budget for the City's membership in TDA. The 2016 Proposed Budget reduces the amount of funding for the TDA membership to \$25,000, a reduction of \$44,000 from the \$69,000 allocated in the base budget. The cut to funding was incorporated into OIR's budget prior to the transfer of the program to OED.

TDA is a regional partnership of entities including Snohomish County, King County, Pierce County, Port of Everett, Port of Seattle, Port of Tacoma, City of Everett, City of Bellevue, City of Seattle, City of Tacoma, the Seattle Metropolitan Chamber of Commerce and organized labor. Its mission is to "promote the Greater Seattle region internationally for business and trade, connect [its] companies and institutions with international opportunities and educate the public on topics related to the international economy."

Options:

- A) Amend the 2016 Proposed Budget to restore \$44,000 to OED's budget and fund the City's annual membership to TDA at its previous level of \$69,000.
- B) Amend the 2016 Proposed Budget to fund the City's annual membership to TDA at an alternative amount.
- C) Approve the 2016 Proposed Budget funding the City's annual membership to TDA at \$25,000.

Potential Issues Under Assessment:

- 2) Youth Employment Initiative (\$175,000):** OED proposes adding new General Subfund resources to support the Youth Employment Initiative. OED intends to use \$150,000 for a contract with a new intermediary organization that will recruit employers and match them with youths, design and implement a new web-based portal for youth employment and internship opportunities, develop and maintain an employer database with job and internship tracking, and fundraise to support internship wages. The remaining \$25,000 is intended to fund consultant services to support the startup and implementation of this intermediary function and provide staff capacity to manage the Youth Employment Initiative. An independent governance committee will oversee the intermediary organization and evaluate its efforts. City funds will be combined with a grant from J.P. Morgan of \$500,000 over two years. \$50,000 of the J.P. Morgan grant was used to support internships in 2015 and the remainder will be used to fully fund the intermediary function.

- 3) Southeast Seattle Economic Opportunity Center (\$1.9 million in CIP funding):** OED has been participating in a newly-formed working group regarding planning for the initial stages of the development of an economic opportunity center to be located in southeast Seattle near the Sound Transit Othello Station. The center would be modeled after the existing Opportunity Center for Employment and Education on the North Seattle Community College campus. The core elements of such a center include: access to postsecondary education, small business assistance and entrepreneurship, connection to jobs, and affordable space for neighborhood businesses and cultural organizations. A feasibility assessment for this project has not yet been undertaken. An estimate of pre-development costs to site the center on land owned by the Seattle Housing Authority is \$5.2 million over two years. The state has allocated \$1.5 million for site control and pre-development work. There is Council interest in funding \$1,896,900 in 2016 to cover the first year's acquisition, holding, design, and permitting costs.
- 4) Support for Local Small Businesses (\$50,000):** OED's base budget allocates \$300,000 of funding to contract with organizations providing business attraction and retention services to the City. In the 2015 Adopted Budget, the Council made a one-time addition of \$50,000 to support small-scale manufacturers and craft producers. The Council did not add to the 2016 Endorsed budget when adding funding for this purpose in 2015. Likewise, the Mayor's 2016 Proposed Budget does not include added funding for this purpose, instead retaining the \$300,000 level of funding. There is Council interest in adding \$50,000 again this year to provide additional support for local manufacturers and producers.

Other Changes that Do Not Warrant Analysis as "Issues":

- 5) General Fund Swap with CDBG Funding:** OED proposes to replace with CDBG funding the \$210,000 in General Fund support allocated in the 2015 adopted budget for business technical assistance programming for immigrant and refugee small business owners. The CDBG funding was unused and carried forward from 2014.