

## Office of Economic Development

Staff: Yolanda Ho

### Budget Summary (\$ in 000s)

	2021 Adopted	2022 Proposed	% Change
<b>Appropriations by BSL</b>			
<b>Operating</b>			
Leadership & Administration	\$2,611	\$2,893	13.7%
Business Services	\$12,006	\$26,394	119.8%
<b>Total Appropriations<sup>1</sup></b>	<b>\$14,617</b>	<b>\$29,365</b>	<b>100.9%</b>
<b>Total FTEs</b>	<b>36.0</b>	<b>40.0</b>	<b>11.1%</b>
<b>Revenues</b>			
General Fund	\$14,554	\$12,065	(17.1%)
Other Sources	\$63	\$17,300	27537.1%
<b>Total Revenues</b>	<b>\$14,617</b>	<b>\$29,365</b>	<b>100.9%</b>

<sup>1</sup> Numbers may not add up due to rounding.

### I. Background

The Office of Economic Development (OED) works to build an inclusive economy by focusing on five primary program areas: (1) supporting small and micro-businesses; (2) partnering with neighborhood business districts; (3) supporting the creative economy; (4) partnering with key industry sectors that drive innovation, job growth, and global competitiveness; and (5) investing in the local workforce, prioritizing young people, and adults who are low-income and under or unemployed.

Early in the COVID-19 pandemic, OED led the City’s efforts to respond to the needs of small businesses by awarding emergency support grants through its [Small Business Stabilization Fund \(SBSF\)](#)<sup>1</sup> and providing a range of technical assistance to aid businesses, including resources to help renegotiate leases and convert to online sales platforms. OED has also been leading the City’s approach to economic recovery, recognizing the need to pivot towards recovery in 2021. Specific to OED, the recovery effort has thus far has been supported with \$20.3 million in federal Coronavirus Local Fiscal Recovery (CLFR) funds from Seattle Rescue Plan 2 ([Ordinance \(ORD\) 126371](#)) for additional SBSF grants, neighborhood recovery grants, downtown revitalization grants, and investments in workforce development and digital equity.

The 2022 Proposed Budget would more than double total appropriations to OED, as compared to the 2021 Adopted Budget. The changes to OED’s budget reflect almost \$3.4 million in reversals of

<sup>1</sup> Since March 2020, OED has distributed over \$10 million in SBSF grants (using a mix of GF and Community Development Block Grant funds) to over 1,500 small businesses and economic opportunity nonprofit organizations. OED is expected to open applications for the next round of SBSF awards in November 2021, funded by Seattle Rescue Plan 2 using \$7.5 million of CLFR funds.

one-time adjustments to the 2021 Adopted Budget, including restoring full funding to the Creative Industry Policy Advisor position; and removing \$3 million in joint COVID relief funds for SBSF grants, \$350,000 for the Clean City Initiative, and \$50,000 for a workforce development contract.<sup>2</sup> A large portion of the new appropriations would continue the OED-related investments recommended by the [Equitable Communities Initiative \(ECI\)](#) Task Force that were appropriated via [ORD 126401](#) in August 2021.

The following \$9.7 million in proposed ongoing ECI investments in 2022 would be funded entirely by payroll expense tax revenues:

- \$481,000 for youth healthcare career exploration to increase Black, Indigenous, and people of color (BIPOC) representation in healthcare professions;
- \$1.7 million to develop programs that create a pipeline of BIPOC workers for healthcare careers and support retention of these workers in Seattle;
- \$5 million for grants to BIPOC-owned businesses to help leverage additional funding that will support business expansion; and
- \$2.5 million for contracts with community development financial institutions to provide small business technical assistance, focusing on business financial health, permitting support, legal education, and technological access.

The remaining \$78,000 would be used for a technical adjustment related to healthcare costs for the 4.0 FTE that would be added to support implementation of ECI-related priorities in the Year-End Supplemental Budget legislation. These new positions are:

- 1.0 FTE ECI Youth Healthcare Grants & Contracts Specialist;
- 1.0 FTE ECI Healthcare Pathway Grants & Contracts Specialist;
- 1.0 FTE ECI Small Business Technical Assistance Finance Community Development Specialist; and
- 1.0 FTE ECI Small Business Technical Assistance Community Development Specialist.

To manage the short-term influx of CLFR funds, OED is proposing to add 13 temporary employees primarily to assist with internal operations related to finances, grants, and contracts. Other temporary employees will support communications; performance and data analysis; and small businesses as they navigate the City's myriad forms of economic recovery resources.

Two new programmatic additions to OED's budget would be funded using GF dollars through a swap with the City's second tranche of CLFR funding (proposed Seattle Rescue Plan 3):

- \$7.6 million for a new Small Business Ownership Fund that will allow small businesses to acquire ground floor commercial space in affordable housing developments, prioritizing those located in neighborhoods with the highest risk of displacement; and

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<sup>2</sup> The 2021 Adopted Budget restored funding for the workforce development contract via [OED-006-A-001](#), which would have been cut in the 2021 Proposed Budget. This funding supported efforts to provide low-income job seekers of Seattle and King County with jobs in the building and construction trades and at the Port of Seattle/Seattle-Tacoma International Airport.

- \$500,000 for maritime, manufacturing, and logistics workforce development, including expanded career connected learning, apprenticeships, job placement, and research to help identify workforce needs of employers.

The 2022 Proposed Budget also includes the following additions to OED: \$169,000 GF for standard cost and personnel cost adjustments; \$4,800 GF for language service stipends for staff, per the City’s collective bargaining agreement; and \$50,000 GF for Racial Equity Toolkit outreach related to future changes to permit fees for filming and special events. It would also reduce Community Development Block Grant (CDBG) funding for small business technical assistance contracts by \$91,000 and reallocate this funding to support staff time spent providing in-house technical assistance services;<sup>3</sup> and replace all admissions tax revenue appropriations (\$64,000) for the Special Events position with GF so that the position is fully supported by GF.

## **II. Issue Identification**

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### **1. Changes to Film and Special Events Permit Fees**

OED serves as the City’s one-stop shop for applicants seeking film and special events permits. OED staff coordinate permit reviews across multiple departments, including Seattle Parks & Recreation, Seattle Fire Department, Finance and Administrative Services Department, Seattle Public Utilities, Seattle Police Department, and Seattle Department of Transportation (SDOT). Each department contributes staff time to review permits and attend coordination meetings. Until now, City departments have not charged OED for their staff time.

In the 2021 Adopted Budget, SDOT began shifting some of its Street Use permit fees to a cost-recovery model. Included in this shift would be fees for filming and special events in the public right-of-way (ROW). Currently, the City offers a low permit fee of \$25 per day for those seeking to use the ROW for film shoots (one of the only incentives the City has been able to offer to the industry) and charges lower special event fees for community events.<sup>4</sup>

This change to SDOT’s practice could result in increased permit costs for special events and film in the ROW beginning in 2023. OED estimates that SDOT’s review time would cost \$283,000 in 2022. SDOT has agreed to absorb the costs of permit review until OED finalizes its fee proposal, which will require Council approval in 2022 for implementation beginning in 2023. To support development of this proposal, the 2022 Proposed Budget includes \$50,000 GF (one-time) for OED to contract with a consultant for outreach to key stakeholders that will be identified through a Racial Equity Toolkit analysis.

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<sup>3</sup> This change is needed to compensate for the decrease in staff time related to the New Market Tax Credit (NMTC)-funded real estate portfolio held by Seattle Investment Fund (SIF), an external entity. NMTC fees offset OED staff costs supporting the management of the NMTC fee balances and overall project portfolio. Given that the projects in the portfolio are scheduled for completion by the end of 2022, less staff time is needed for this work.

<sup>4</sup> Community events are those that: (1) are free and open to all members of the public; (2) provide a public benefit and/or stimulates broad economic or cultural activity within a neighborhood or business district; (3) are organized by neighborhood-based, community-based, ad-hoc groups, or groups that do not have a geographic base; and/or (4) have received a government grant (not including sponsorship) to produce the event.

Not included in the 2022 Proposed Budget was OED's proposal for an additional \$100,000 GF (one-time) to conduct an economic impact study that would inform development of the new fee structure by assessing how much the film and special events industries contribute to Seattle's economy. While the \$50,000 GF for stakeholder outreach will allow OED to incorporate racial equity considerations into its permit fee proposal, the lack of a complementary quantitative analysis may result in the City adopting a fee structure that is not informed by these industries' respective economic contribution to the local economy.

**Options:**

- A. Add \$100,000 GF for an economic impact study of the film and special events industries to support development of a new fee structure for film and special events permits.
- B. No Action

**2. Reorganization and Staffing Changes**

The 2022 Proposed Budget would make some substantial changes to OED's current organization. While OED is appropriately staffing up to distribute and oversee its increased funding to support COVID relief and recovery, there are other changes being proposed that may be better led by the new mayoral administration and/or a permanent director.

Specific changes being proposed are (see Attachment 1 for OED's 2022 Proposed Organization Chart):

- Deputy Director – reclassify from Manager 3 to Executive 2;
- Creative Industry Director – reclassify from Strategic Advisor 3 to Executive 1, and repurpose to serve as the Division Director that would report to the Deputy Director and oversee OED's main lines of business;
- Creative Industry Policy Advisor – reclassify from Strategic Advisor 2 to Manager 2, and retitle to Creative Industry Manager whose responsibilities will include policy development, implementation, and management of the Creative Industry Team (5.0 FTE); and
- Youth Employment Development Advisor – repurpose this vacant position for a Small Business Advocate who has been underfilling the Deputy Director position.

These shifts would reduce OED's dedicated workforce development staff to one Workforce Development Advisor position. Youth-related employment development is being led by the Human Services Department and Seattle Parks and Recreation, and OED no longer needs staff for this specific function as a result. However, reducing the number of workforce development staff would diminish OED's capacity to coordinate with regional workforce development efforts and other related initiatives.

In the 2020 Adopted Budget, the position that was the Director of the Office of Film and Music (OFM) was repurposed to become the Creative Industry Director. All other positions in OFM were moved into OED's Creative Industry key industry sector team and OED also added

the Creative Industry Policy Advisor position. OFM, while never officially established as a separate office, previously operated with some level of autonomy within OED. After OFM staff were formally integrated into OED's organization in 2020 as part of its Creative Industry Cluster strategy, OED maintained that OFM still had a presence in the City; however, it has recently indicated that this will no longer continue be the approach moving forward.

The proposal to repurpose the Creative Industry Director position will diminish the City's staff dedicated to the creative industries sector. Additionally, the creative industry strategy itself is in the process of being reassessed in light of new leadership at OED and the impacts of the pandemic. Both this change and the reduction in workforce development staff could result in impacts to how OED serves the larger community and industries it seeks to support. OED may need additional resources in the future to provide more support for the creative industries and workforce development, a decision that may be more timely in early 2022, in coordination with the next mayor and their OED director.

**Options:**

- A. Impose a proviso on funding for either (or both) the proposed Division Director (\$182,000 GF) or Creative Industry Manager (\$146,000 GF) positions, pending the appointment of a permanent OED Director.
- B. Cut funding for either or both of these positions to delay their hire until the beginning of the second quarter of 2022.
- C. No Action

**Attachment:**

- 1. OED 2022 Proposed Organization Chart

**Director**  
Executive 3  
00024285

**Executive Assistant**  
00025562 - *vacant*

**Deputy Director**  
Executive 2 - 00026009 -  
*Reclassified from a Mngr3*

**Division Director**  
00025066 - *vacant SA3*  
*(previously CI/OFM Director) -*  
*seeking reclass to Exec 1\**

**Admin Staff Assistant**  
00024525

**Finance & Administration**  
3.0 FTEs + 3 Temps

**Finance & Admin Mgr**  
Strategic Advisor 3  
00024576

**Sr Finance Advisor**  
SA1 Fin, Bud, & Acctg  
00025815

**Accounting Tech III**  
10006046

**Accounting Tech II**  
TES Temp

**Accountant, Sr**  
TES Temp

**Budget Analyst**  
Sr. Finance Analyst  
TES Temp

**Communications and External Affairs**  
4.0 FTEs + 2 Temps

**Comms & External Affairs Mgr**  
Strategic Advisor 3  
00025830

**Public Relations Spec**  
10001790

**Public Relations Spec**  
10005517

**Data & Perf Analyst**  
Strategic Advisor 2  
00024288

**Public Relations Spec**  
TES Temp

**Performance Data Analyst**  
Mngt Systems Analyst  
Senior  
TES Temp

**2.0 TLT Sr. Grants & Contracts Specialists & 1.0 TES Grants & Contracts Specialist**  
TLT & TES Temps

**Small Business Development**  
8.0 FTEs + 3 Temps

**Small Business Mgr**  
Strategic Advisor 3  
10005520

**SB Advocate**  
Strategic Advisor 2  
10005894  
*Prior underfilled in Mngr 3 pkt, now allocated in the Youth Workforce SA2 pocket*

**SB Advocate**  
Strategic Advisor 1  
10006047

**SB Advocate**  
Strategic Advisor 1  
00025825

**SB Advocate**  
Strategic Advisor 1  
10005516

**Nightlife Advocate**  
Strategic Advisor 2  
10006049

**Food & Hospitality**  
Strategic Advisor 1  
10005305

**SB Advocate w/SDOT**  
Strategic Advisor 1 00024524

**Key Industry & Workforce Development**  
5.0 FTEs + 2.0 Temps

**Key Industry & Workforce Development Mgr**  
Mgr3 00026822 - *vacant*

**Workforce Development**  
Strategic Advisor 2, GG  
10003536 - *vacant*

**Workforce Development**  
Strategic Advisor 2,  
*Vacant (reallocated to SB SA2)*

**Information Technology Advocate**  
Strategic Advisor 1 00025014

**Clean Tech / Green Business Advocate**  
Strategic Advisor 1, Gen Gov  
10004095

**Maritime & Manufacturing Advocate - vacant**  
Strategic Advisor 1 10002037

**ECI Youth Health Care Grants & Contracts Specialist, Sr.**  
OED0003

**ECITF HC Pathway Grants & Contracts Specialist, Sr.**  
OED0004

**Creative Industry Team**  
6.0 FTEs

**Creative Industry Manager**  
Strategic Advisor 2 10006858  
*vacant (previously CI Advisor, seeking reclass as Mgr 2\*)*

**Special Events Lead**  
Strategic Advisor 1  
10002862 - *vacant*

**Film Lead**  
Strategic Advisor 1  
10001667

**Film Permit Specialist**  
Admin Staff Asst 00026008

**SE Permit Specialist**  
Admin Staff Asst 10005771

**Admin Spec II BU**  
10005770

**2.0 Sr. Grants & Contracts**  
TLT Temps

**Commercial Affordability Team**  
3.0 FTEs

**Development Finance Mgr**  
Strategic Advisor 2, Gen Gov  
00024289

**ECITF Small Business TA Finance Com Dev Specialist**  
OED0001

**ECITF SBTA Community Development Specialist**  
OED0002

**1.0 Recovery Navigator**  
Community Development Specialist  
TES Temp

OED's 2022  
Proposed  
Position Count:  
40 FTEs  
12 Temps

**Neighborhood Business District Team**  
4.0 FTEs + 2.0 Temps

**Neighborhoods Mgr**  
Manager 2  
00023535

**Business Districts Advocate**  
Strategic Advisor 2  
10005188

**BIA Advocate**  
Strategic Advisor 1  
10005187

**Business Districts Advocate**  
Strategic Advisor 1  
10006048

**2.0 Sr. Grants & Contracts Specialists**  
TLT Temps

**Key:**  
**Strikethrough - Cut**  
**Yellow - New Pocket**  
**Green - New Temp**  
**Purple - Change**