

2023-2024 PROPOSED MID-BIENNIAL BUDGET ADJUSTMENTS REVIEW

OFFICE OF ECONOMIC DEVELOPMENT

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Table 1: Budget Summary (\$ in 000s)

	2023 Adopted	2024 Endorsed	2024 Proposed	% Change 2024 Endorsed to 2024 Proposed
Appropriations by BSL				
Operating				
Leadership and Administration	\$4,371	\$4,276	\$7,681	79.6%
Business Services	\$23,265	\$23,100	\$28,315	22.6%
Total Appropriations	\$27,637	\$27,376	\$35,997	31.5%
Total FTE	52.0	52.0	61.0	17.3%
Revenues				
General Fund	\$11,987	\$11,776	\$10,501	-10.8%
Other Sources	\$15,650	\$15,600	\$25,496	63.4%
Total Revenues	\$27,637	\$27,376	\$35,997	31.5%

I. Introduction

The Office of Economic Development (OED) 2024 Proposed Budget Adjustments would increase by \$8.6 million compared to the 2024 Endorsed Budget, as shown in Table 1, representing a 31.5 percent increase. The majority of the proposed additional expenditures are ongoing with 9.0 FTE proposed to be added.

Central Staff has identified three overarching issues for the Council’s consideration that are discussed in more detail in the next section.

II. Issue Identification

1. Scale and Prioritization of Proposed OED JumpStart Economic Revitalization Investments

OED's 2024 Proposed Budget Adjustments allocate \$9.9 million of the total \$13.1 million that had previously been held in Finance General to implement the Future of the Seattle Economy (FSE) strategic framework and the forthcoming workforce development strategic plan. Attachment 1 provides a summary table of these proposed OED changes. For an overview of the Mayor's 2024 Proposed Budget Adjustments to the JumpStart Fund, please see Central Staff's JumpStart Fund Balancing Analysis paper presented to the Select Budget Committee on October 11.

The proposed budget adjustments either support anticipated administrative needs or fit within a priority identified in the FSE strategic framework, which was adopted by Council in [Resolution 32099](#). The FSE framework includes five strategic pillars:

1. Investing in Talent and Building our Workforce
2. Supporting Small Business and Women- and Minority-Owned Business Enterprises
3. Building BIPOC Community Wealth
4. Investing in Neighborhood Business Districts
5. Growing Businesses and Key Industries

Many of the proposed budget adjustments also advance the [Mayor's Downtown Activation Plan \(DAP\)](#) in alignment with the FSE framework – \$3.5 million out of the total \$9.9 million in proposed additions have been identified as DAP investments. Overall, \$8.6 million is proposed in the 2024 Mid-Biennial Budget Adjustments for the DAP across multiple departments, a summary of which is provided in Attachment 2.

Council may wish to repurpose, scale, or provide direction for these proposed adjustments to advance priorities that are consistent with the FSE framework.

Options:

- A. Reduce proposed appropriations in favor of other Council priorities, consistent with the FSE strategic framework;
- B. Impose a proviso on proposed appropriations to ensure they align with other Council priorities, such as greater investments in neighborhoods at high risk of displacement; or
- C. No change.

2. Ongoing vs. One-Time Expenditures

The Mayor's 2024 Proposed Budget Adjustments allocate \$6.3 million out of \$9.9 million in OED as ongoing expenditures, including 9.0 FTE. While the FSE strategic framework was adopted by Council earlier this year to help guide these investments, OED is still completing its Workforce Development Strategic Plan, and will be shifting to a convening role in the [Generational Wealth Initiative \(GWI\)](#), tasked with implementing the recommendations in a [recently released report](#) from the Department of Neighborhoods.

Given that these related efforts are currently underway, Council may want to consider changing some of the proposed ongoing expenditures to one-time allocations. This could help ensure greater transparency and provide flexibility to implement the recommendations from these other strategic planning processes, which should also be integrated into the overall FSE framework. Furthermore, given the projected deficit in the General Fund, Council may want to wait to add new ongoing positions and programming until after decisions about how to address the projected deficit are made.

See Attachment 1 for the list of proposed OED expenditures in the Mayor's Proposed Mid-Biennial Adjustments, and Attachment 3 for a list of one-time expenditures in the OED 2023 Adopted and 2024 Endorsed Budgets.

Options:

- A. Change some proposed ongoing expenditures to one-time.
- B. No change.

3. Childcare and the Future of the Seattle Economy

The FSE strategic framework identifies the need for greater childcare services for Seattle’s workforce, and recommends that OED work with other departments, jurisdictions, private partners, and community organizations to lay the groundwork for a systemic “big bet” in this area.

In contrast to expanding childcare capacity, the other “big bet” items identified in [Resolution 32099](#) involve scaling up or expanding upon OED’s core lines of work, specifically: developing investments models to provide businesses meaningful access to affordable capital; developing a master lease strategy for use by microbusinesses; and accelerating midsize business growth by offering specialized technical assistance.

OED’s efforts related to this issue have thus been limited to supporting rezones in Downtown to allow for greater building heights when childcare facilities are included in development, and a commitment to include increasing childcare supply as part of the State and Federal legislative priorities. There may be additional strategies in the forthcoming Workforce Development Strategic Plan.

Council may want to consider giving direction to OED to work with the Department of Education and Early Learning (DEEL) and the Human Services Department (HSD) to develop a more formal landscape analysis of childcare in Seattle and a coordinated City approach towards increasing childcare supply. This could involve exploring potential pilot strategies or targeted interventions that complement efforts at the State and Federal levels to maintain and increase childcare supply. Such an analysis could provide transparency and clarity on departmental roles and expectations in developing this “big bet” strategy.

Options:

- A. Provide direction for OED to further develop a childcare “big bet” strategy in partnership with other departments, including DEEL and HSD, via a Statement of Legislative Intent.
- B. No change.

Attachments

1. Summary of OED’s 2024 Proposed Budget Adjustments
2. Downtown Activation Plan Expenditures Summary
3. One-time appropriations in OED’s 2023 Adopted and 2024 Endorsed Budgets

Attachment 1: Summary of OED’s 2024 Proposed Budget Adjustments

Title ¹	Ongoing	One-time	FTE	Central Staff Notes ²
Evolve Seattle Restored	\$625,000		2.0 FTE	\$325,000 for staffing and \$300,000 additional funds for a location and business matchmaking strategy, business recruitment and retention, and implementation of a pilot master leasing strategy.
		\$250,000		One-time funds for a Downtown retail analysis.
Equity Business District Retail Analysis and Outreach		\$850,000		3-5 neighborhoods would be selected based on criteria such as those with underserved needs, and those identified as high equity priority areas according to the Racial and Social Equity Composite Index (RSEI) Map .
Public space activations related to the Mayor's Downtown Activation Plan		\$880,000		2024 Proposed Budget also includes \$1 million JS Funds for SDOT and \$2 million Arts and Culture Fund for ARTS to support DAP public space activation, totaling \$3,880,000.
Continued Community Engagement for the Mayor's Downtown Activation Plan		\$150,000		
Development of Space Needle Ideas for the Mayor's Downtown Activation Plan		\$500,000		Funding will develop four potential ideas: <ol style="list-style-type: none"> 1. A BIPOC Mercado to provide support and wraparound support to early-stage businesses; 2. Downtown as an arts and culture district; 3. A maker’s campus in collaboration with Seattle Colleges; and 4. A year-round indoor/outdoor play area.
Staffing Support for Commercial Affordability and Tenant Improvement Programs	\$125,000		1.0 FTE	
Develop Career Pathways	\$1,500,000			<ul style="list-style-type: none"> • New Program: \$1.25 million to develop Seattle Skill Upgrade Training Development Program. • \$125,000 for the Seattle Youth Employment Program (SYEP) to support training credentials for entry-level positions in IT and healthcare • \$125,000 for SYEP case management and parent/caregiver support for participants

¹ Items shaded in blue indicate OED Downtown Activation Plan investments, totaling \$3.5 million. For all proposed DAP expenditures, please see Attachment 2.

² For a description of each item please see OED’s [2024 Mid-Biennial Budget Adjustments](#). Central Staff notes intended to provide additional context.

Attachment 1: Summary of OED’s 2024 Proposed Budget Adjustments

Title¹	Ongoing	One-time	FTE	Central Staff Notes²
Support Creation of a Maritime and Manufacturing Business Improvement Organization	\$250,000			New program.
Construction Apprenticeship Mentorship and Support	\$300,000			Support to improve retention rate for BIPOC workers
Develop Green Industries Focus within Key Industries and Workforce Development Division	\$1,000,000			Strategy development in partnership with Department of Finance and Administrative Services and the Office of Sustainability and Environment, implementing Executive Order 2022-07. Will also support new programming.
Implement Economic Development Analytics Software	\$200,000			
City Resource Navigation	\$115,000		1.0 FTE	
Support Creation of Business Improvement Areas in Equity Districts		\$850,000		
Transformation of Special Events Office	\$325,000		1.0 FTE	
Funding for Professional Development Support	\$120,000			
Grants and Contract Staffing Support	\$350,000		3.0 FTE	Eight temporary positions providing administrative support for CLFR funds sunsetting this year. As JumpStart funds are supporting more programs previously backed by CLFR, OED is proposing to replace sunsetting positions with three permanent FTE.
Support for community outreach and grant applications		\$120,000		Intended to help community stakeholders apply for state and federal economic development grants
Develop Tenant Improvement Program	\$700,000			
Community Wealth Building Staffing	\$177,320		1.0 FTE	
Liberty Project	\$500,000			New program. \$425,000 allocated in the mid-year supplemental. Approximately \$225,000 of the 2023 funding will be carried forward into 2024.
SUBTOTALS	\$6,287,320	\$3,600,000	9.0 FTE	
GRAND TOTAL		\$9,887,320		

Attachment 2: Proposed 2024 Downtown Activation Plan Expenditures

Fund	Dept	Title	Amount
General Fund	HSD	One-time extension of We Deliver Care/Third Avenue Project	\$ 1,900,000
Arts and Culture Fund	ARTS	ARTS/OED Collaboration on Downtown Activations	\$ 1,000,000
	ARTS	Downtown Hope Corps	\$ 1,000,000
JumpStart Fund	OED	Public space activations related to the Mayor's Downtown Activation Plan	\$ 880,000
	OED	Continued Community Engagement for the Mayor's Downtown Activation Plan	\$ 150,000
	OED	Development of Space Needle Ideas for the Mayor's Downtown Activation Plan	\$ 500,000
	OED	Liberty Project	\$ 500,000
	OED	Evolve Seattle Restored	\$ 875,000
	OED	Implement Economic Development Analytics Software	\$ 200,000
	OED	City Resource Navigation	\$ 115,000
	OED	Transformation of Special Events Office	\$ 325,000
	OPCD	Peak Workload Related to the Mayor's Downtown Activation Plan	\$ 169,790
	SDOT	Downtown Activation Plan	\$ 1,000,000
		Total	\$ 8,614,790

Attachment 3: One-time appropriations in OED’s 2023 Adopted and 2024 Endorsed Budgets

2023 Adopted and 2024 Endorsed Budget One-Time Expenditures			
Title	2023	2024	Central Staff Notes
Seattle Jobs Center	\$ -	\$ 250,000	
Small Business Development Capital	\$ 2,750,000	\$ 2,750,000	
Commercial Affordability	\$ 6,824,788	\$ 6,824,788	Supported by 1.0 FTE that is ongoing.
Downtown and Neighborhood Economic Recovery	\$ 2,611,711	\$ 2,611,711	Supported by 1.0 FTE that is ongoing
JumpStart Administration	\$ 200,000	\$ -	
Business Technical Assistance	\$ 800,000	\$ 800,000	
Language Access and Outreach	\$ 200,000	\$ 200,000	Supported by 1.0 FTE that is ongoing
Cannabis Needs Assessment	\$ 200,000	\$ -	This is carried forward to 2024
Seattle Sports Commission	\$ 200,000	\$ -	This was expended in 2023
TOTAL	\$ 13,786,499	\$ 13,436,499	

^ this amount will be removed from OED’s baseline in the 2025 Proposed Budget.