



SHAPING THE FUTURE OF THE SEATTLE ECONOMY (PART 2): **INVESTING IN OUR CITY'S FUTURE**

**A report by the City of Seattle's
Office of Economic Development**

November 2022

Labor and Land Acknowledgement

We acknowledge that all of our lives and institutions exists on Indigenous land. We acknowledge the ancestral homelands of those who walked here before us and those who still walk here, keeping in mind the integrity of this territory where area Native peoples identify as the Duwamish, Suquamish, Snoqualmie, and Puyallup, as well as the tribes of the Muckleshoot, Tulalip, other Coast Salish peoples, and their descendants. We are grateful to respectfully live and work as guests on these lands with the Coast Salish and Native peoples who call this home. This land acknowledgement is one small act in the ongoing process of working to be in good relationship with the land and the people of the land.

We also acknowledge that this country would not exist if it wasn't for the free, enslaved labor of African/Black people. We honor the legacy of the African diaspora and Black life, knowledge and skills stolen due to violence and white supremacy. This labor acknowledgement is one small act in the ongoing process of fighting anti-Black racism and working towards real equity and change.

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Brief Description

This report was commissioned by the City of Seattle Office of Economic Development (OED) in the fall of 2022. The report was written by Kinetic West LLC and a team of collaborative partners based on a structured workgroup process and individual consultation that included over 80 individuals representing local economic development, community-based organizations, business, philanthropy and city and county government departments. This report is the culmination of an intentional process to develop a transparent community-informed investment agenda for OED and the City of Seattle to promote inclusive economic growth. This report builds off of and should be viewed in context of the “Part 1” report that was drafted in July 2022 and revised in September 2022.

I. Executive Summary

Over the course of six months, the City of Seattle Office of Economic Development has facilitated a robust stakeholder engagement process on behalf of the Seattle City Council and Mayor Harrell to develop a community-informed investment agenda – the Future of the Seattle Economy. The charge was clear: create a community-informed investment agenda for the City of Seattle to promote inclusive economic growth - **especially for communities that have systemically been excluded from such opportunities.** The resulting recommendations will guide the City of Seattle in directing a portion of payroll expense tax revenue, also known as Jump Start funds, allocated for economic revitalization. Further, this will serve as a guiding document for OED, the City, and aligned partners who will make further investments in pursuit of the vision developed by community stakeholders.

Equity is not just a moral imperative; it is an economic imperative. From 1960 to 2010, a remarkable 40% of U.S. economic growth was driven by inclusion of women and people of color in the labor market (Hsieh et al., 2019). Yet massive racial inequities persist in terms of employment, income, and wealth – and many of these disparities worsened in Seattle over the past two years. These disparities are holding back the entire economy. The Seattle metro economy would be an estimated \$33 billion larger *each year* if racial income disparities were eliminated (Langston et al., 2021).

With an eye toward equitable outcomes and an intention on centering Black, Indigenous, and People of Color (BIPOC) communities, OED worked with stakeholder partners from over 80 organizations and government offices. Partners and community leaders from a range of racial, ethnic and immigrant identities, neighborhoods, and sectors responded to surveys, were interviewed, and participated in workgroups to come to the 13 immediate investment recommendations and six big bets presented in this report. (See summary table on pages 12 and 13).

Collectively, this community-informed investment agenda sets out a vision of an inclusive Seattle economy, rooted in common principles of reciprocity and access that emerged consistently across workgroups. As the lead department for carrying out the City's economic development agenda, stakeholder partners are calling on OED to assert a strong vision for inclusive economic growth and reposition itself to meet this moment by being a different organization than it has been in the past few years – one structured to fill three distinct economic development roles: convener, strategic investor, and visionary.

But OED cannot do it alone. Through this process, stakeholders have set out an ambitious set of investment recommendations that will require OED to work in partnership and coordination with other departments within the City and with community stakeholders and investors outside of the City Government to implement the proposed investments. The Future of the Seattle Economy is an opportunity for the City to organize itself, strengthen partnerships with community organizations and industry, and proactively work together to address the systemic barriers that have inhibited economic prosperity for all communities and neighborhoods.

II. Background

The Future of the Seattle Economy project is motivated by a clear principle, a clear purpose, and a clear plan.

The principle

An inclusive economy is a competitive, prosperous economy. Any economy's most valuable asset is its people. The total knowledge and capabilities of U.S. workers is worth \$240 trillion, or 10 times as much as the total value of all urban land in the country (Parilla & Liu, 2019). This means that developing and deploying talent – whether in the form of skilled workers, innovators, or business owners – is the fundamental driver of economic prosperity. However, race- and gender-based barriers

that have resulted in massive disparities in who has access to good jobs and wealth-generating business ownership opportunities still persist in Seattle. About 33% of the workforce of the Seattle metropolitan area are BIPOC, but these populations make up 43% of the out of work population and 42% of low-wage workers, despite similar education attainment. Compared to the 30% of BIPOC college graduates, BIPOC-owned businesses account for only 8% of potentially high-growth businesses (defined as business in traded-sector industries like manufacturing and professional services, with at least five employees). Closing this disparity between college graduation rates and high-growth business ownership rates would yield about 6,000 more potentially high-growth minority- and women-owned businesses in the metropolitan area (Donahue).

The Seattle metro economy would be an estimated \$33 billion larger *each year* if racial income disparities were eliminated (Langston et al., 2021). Seattle's ability to chart a trajectory of long-term vibrancy will depend on its ability to realize the full potential of all of its workers, businesses, and neighborhoods.

The purpose

Driven by this imperative, the Seattle City Council asked the Office of Economic Development (OED) to conduct a study of Seattle's Economic Future in line with Mayor Harrell's vision for the City's inclusive economic growth. The purpose of this project is to define what a broad range of economic, workforce, and community development organizations believe the future of the Seattle economy can and should be, what type of investments will be required to realize this potential, and how OED (in partnership with other City departments) can best contribute.

There have been many studies and strategic plans created in Seattle in the wake of COVID-19. This study is different for three key reasons:

- **Direct influence on significant near-term investments by OED:** This study is not just intended to outline a vision or new strategic orientation for OED. Rather, it is going to be used to shape OED's and the City's investment of millions of dollars of JumpStart funding beginning in 2024.
- **Aggregates community-driven plans and priorities:** The primary inputs to this study are the plans and stated priorities of 31 partner organizations. This is not another study to sit alongside theirs; it is an effort to elevate the collective wisdom and vision of OED's partners.
- **Comprehensive vision for inclusive economic development:** This study is not focused on one geography or one type of economic development activity. It looks across the entire city and considers a wide range of potential activities (e.g.,

community development, workforce development, economic development, wealth creation).

The plan

The Future of the Seattle Economy project was a four-phase process designed to create a transparent and transformative investment agenda for OED.

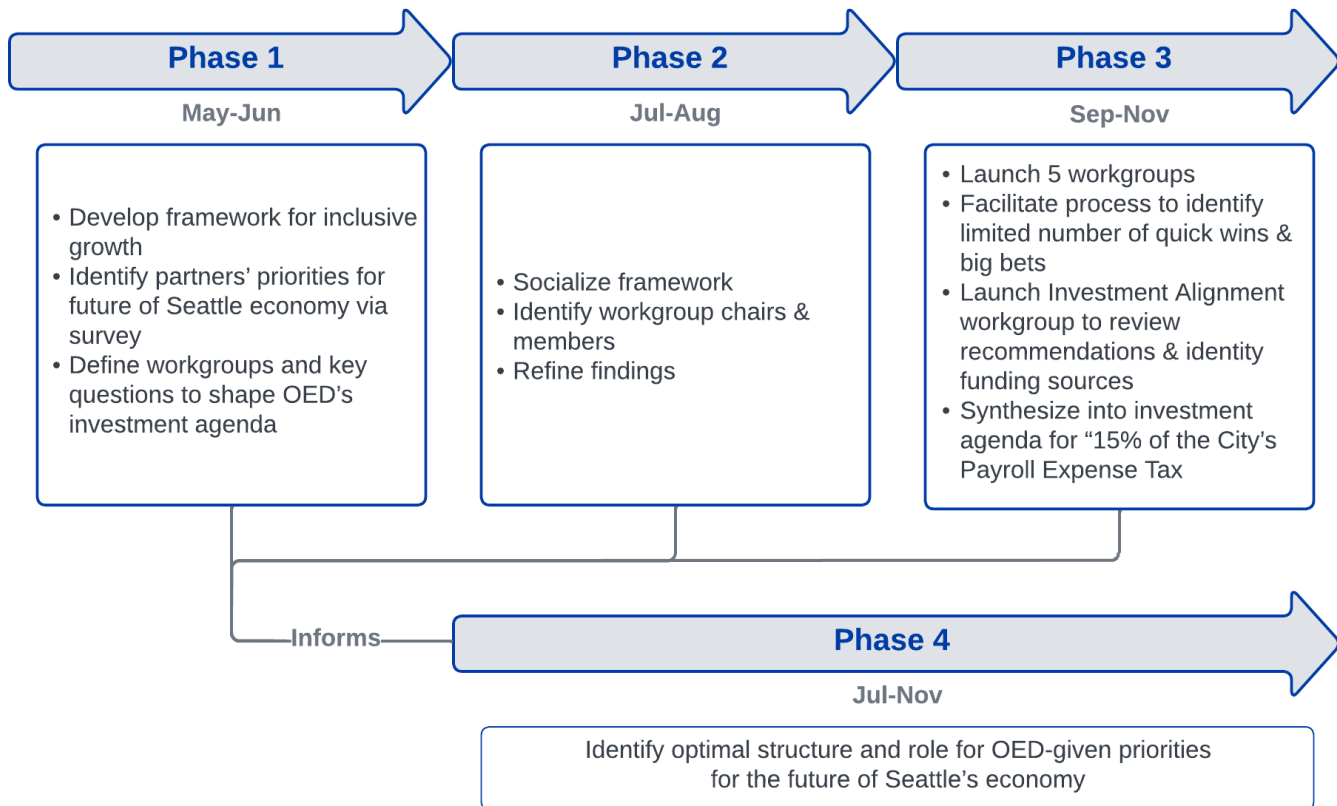


Figure 1. Four-phase project overview and timeline

Phase 1: Developing a framework for inclusive growth based on partner-identified priorities for the future of Seattle's economy

In Spring 2022, OED developed a framework that organized all of the activities that constitute an inclusive economic development system. This framework drew on three sources: (1) an assessment of the activities of other economic development systems across the country, (2) a review of local reports and interviews of key community partners to catalog the existing activities and priorities outlined in their strategic plans, and (3) one-on-one interviews with organizations to ensure that the framework reflected the work of organizations that take less formal approaches to planning and agenda-setting. This process yielded a framework comprised of 42 specific activities grouped into seven broad categories.

Based on this framework, OED conducted a survey of nearly 40 partner organizations from the economic, workforce, and community development systems (See Acknowledgements full list; For simplicity, this report refers to these systems as “economic development”). Each partner was asked to prioritize among these seven broad categories and over 40 specific actions. While these organizations were expected to bring their own expertise and interests to this exercise, they were encouraged to consider the needs of the Seattle economy overall. In addition, they were asked to provide written descriptions of their organization’s current activities and plans for the near future. Thirty-one partners participated in the survey and prioritization exercise (i.e., 80% response rate).

In total, this outreach provided a clear portrait of what key partners envision for Seattle’s economy, what they are doing currently, and what they plan to do in the near future. Five strategic pillars were identified as the highest priority, and would correspond directly to five distinct workgroups in Phase 3:

1. Investing in **Talent and Building our Workforce** including diversifying talent pipelines and creating internships and apprenticeships for early career workers
2. Supporting **Small Business and Women and Minority-Owned Business Enterprises (SBE and WMBE, respectively)** access to early-stage capital, creating contracting opportunities with large employers, training and support, and improving neighborhood facilities where small businesses operate
3. **Asset Ownership** including enabling BIPOC business owners to purchase leased property
4. **Place-based Investments** including investing in downtown revitalization and neighborhood commercial corridors
5. **Growing Businesses and Industries** including identifying business locations and building innovative industry clusters

Phase 2: Socializing the framework to key stakeholders

The results of the Phase 1 study and subsequent framework derived from those findings, was shared with partner organizations – including those not involved in the initial outreach – to refine the findings and identify workgroup participants. Partner organizations were invited to provide written feedback, or attend one of three listening sessions to share thoughts on the framework. In addition to reporting back to partner organizations, OED also met with members the Mayor’s office, members of City Council, and City department leaders to share the framework and next steps.

Phase 3: Workgroup-identified investment recommendations

From September through November of 2022, OED convened five workgroups - corresponding with the highest priority pillars - to transform these priorities into an actionable investment agenda for payroll expense tax revenue, also known as JumpStart funds. The five workgroups were chaired by leaders of organizations with special expertise in their respective priority pillars (see below).

Pillar / Workgroup	Chair(s)	Facilitator
Investing in Diverse Talent and Building Our Workforce	Angela Dunleavy, FareStart & Workforce Development Council of Seattle-King County	Brock Grubb
Supporting WMBE and Small Business Enterprises	Donna Moodie, Capitol Hill EcoDistrict	Kinetic West
Place-based Investments	Erin Goodman, SODO Business Improvement Area	BDS Planning
Asset Ownership	Andrea Caupain-Sanderson, Byrd Barr Place	W. Tali Hairston
Growing Businesses and Industries	Vaughn Taylor, Seattle Metro Chamber & Brian Surratt, Greater Seattle Partners	Kinetic West

Table 1. Workgroup Chairs and Facilitators

Members of each workgroup represented OED partner organizations that are invested in and close to each priority (see Table A2 in appendix for full workgroup rosters). Each workgroup was given the support and structure needed to move quickly towards a clear outcome: identifying two or three “immediate impact” opportunities and one “big bet” for OED and the City to invest in. Immediate impact opportunities are proven, evidence-based interventions that currently exist in Seattle and could be scaled or have proven to work in similar communities and could be replicated in Seattle. Big bets are ideas that would require deeper systems change, larger investments, and a longer time period to demonstrate impact.

Both types of investments are crucial: many Seattleites have profound near-term needs that can be addressed now, but if Seattle is to create a truly equitable economy it also needs to invest in deeper structural, long-term change. Workgroups were also asked to ground their investments within their broader vision for economic development within their respective pillar.

Investments were identified over the course of three meetings, with each workgroup completing a standard investment template (See Appendix for complete workgroup

investment templates). These templates outline further details and considerations for OED and the City including estimated financial impact, evidence, outcomes, and partner organizations for each investment. In addition to the highest priority investment recommendations, a second tier of recommendations were also captured for future consideration.

As part of Phase 3, a sixth “investment alignment” workgroup was tasked to advise on the landscape of funding for economic development locally and nationally. This group, which included local representatives from government and philanthropy, as well as national economic development experts, was tasked with identifying how the proposed investments aligned with federal resources (including new funds created by the Infrastructure Investment and Jobs Act and the Inflation Reduction Act) other state and local funds, and philanthropic priorities. This information will help OED determine which of the recommended initiatives to prioritize for JumpStart funding, and where there are opportunities to pursue external funding sources or future budget allocations for other recommendations.

Phase 4: Recommendations for the Role of OED

Concurrently with Phases 2 and 3, OED reflected on lessons learned from this process to begin redefining its current structure and approach to economic development. These lessons will help OED identify how best to work with partners to effectively deliver on the identified priorities not just through investment of JumpStart funds but on a sustained basis. The results discussed in section IV include recommendations for OED to consider as the department clarifies its principles and its function in various priority areas so that community and industry partners know how best to collaborate with OED and the City going forward.

III. Investment Recommendations

Each of the five workgroups proposed a set of investment recommendations for OED and the City to consider for their appropriated payroll expense tax revenue. The specific recommendations are being considered for implementation beginning in 2024, with an intention of laying groundwork in 2022 and 2023 to ensure the community-informed investment recommendations are set up for success.

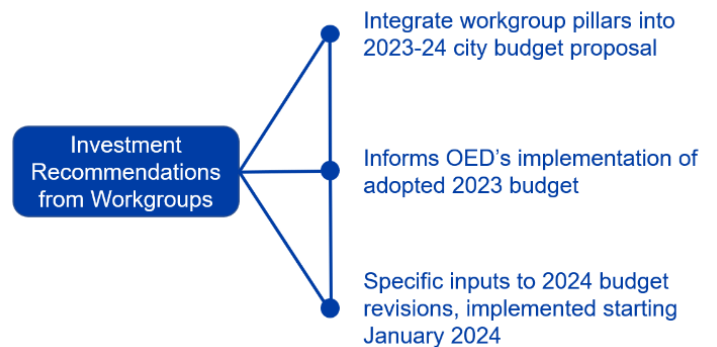


Figure 2. Impact of recommendations on city budget

While each workgroup was focused on one of the five specific strategic pillars, the investment recommendations reflect a clear interconnectedness around a few themes that OED and the City can organize its efforts and investments. These are evident in the summary table on the following page. Further, there was **resounding agreement across all five pillars that reciprocity and access are critical to realizing a thriving and inclusive Seattle economy.**



















Figure 3. Interconnectedness of strategic pillars to achieve an inclusive economy

Workgroup members expressed a strong desire to work in close collaboration with OED for the purposes of advancing shared goals that benefit both the City and stakeholder partners. They are looking to OED to have a strong point of view and to be a different organization than it has been in recent years, while scaling existing programs and strategies that have proven to be effective. There was also consistent voice given to the importance of OED and the City driving increased access, whether that is access to clean and safe physical spaces, City departments or by centering BIPOC communities that have been systematically excluded from economic opportunity.

This section presents a summary of the highest priority investment recommendations as proposed by each of the five workgroups. Complete details for each can be found in the appendix.

Table 2. Summary of investment recommendations highlighting priority overlap across workgroups

 - Shared Priority  - Big Bet Investment Recommendations Summary	Funding \$ - ≤ \$249K \$\$ - \$250K - \$499K \$\$\$ - \$500K - \$999K \$\$\$\$ - \$1mil - \$1.99mil \$\$\$\$\$ - ≥ \$2mil		Workgroups				
	One-Time or Ongoing?	Estimated Funding	Investing in Diverse Talent & Building Our Workforce	Supporting WMBE & Small Business Enterprises	Place-based Investments	Asset Ownership	Growing Businesses & Industries
Investment Description							
Investing in Diverse Talent & Building Our Workforce							
Scale paid <u>work-based learning</u> opportunities	Ongoing	\$\$\$\$					
Build “ <u>two-generation</u> ” caregiver supports into City’s existing youth employment programs	Ongoing	\$\$\$					
Expand supports (incl. <u>basic income pilot</u>) for participants in City workforce programs	Ongoing	\$\$\$\$					
Expand <u>access to childcare</u> for SEA workers	Ongoing	\$\$\$\$\$					
Launch <u>benefits cliff reduction</u> initiative to support workers as their wages grow	Ongoing	\$\$\$					
Supporting WMBE and Small Business Enterprises							
Support employers to provide “ <u>peer mentorship</u> ” to other SBE/WMBEs	Ongoing	\$\$\$					
Invest in building <u>City navigation support</u> for SBEs/WMBEs	Ongoing	\$\$\$					
Subsidize property consultants to support WMBEs/SBEs on <u>commercial affordability</u>	Ongoing	\$\$					
Increase <u>access to affordable capital</u>	One-Time	\$\$\$\$\$					

 - Shared Priority
 - Big Bet

\$ - ≤ \$249K
 \$\$ - \$250K - \$499K
 \$\$\$ - \$500K - \$999K
 \$\$\$\$ - \$1mil - \$1.99mil
 \$\$\$\$\$ - ≥ \$2mil

Investment Recommendations Summary

Investment Description

Funding		Workgroups				
One-Time or Ongoing?	Estimated Funding	Investing in Diverse Talent & Building Our Workforce	Supporting WMBE & Small Business Enterprises	Place-based Investments	Asset Ownership	Growing Businesses & Industries

Place-based Investments

Activate/program <u>vacant storefronts</u>	Ongoing	\$\$\$\$		●		●
Support <u>place-based neighborhood business organizations</u>	Ongoing	\$\$\$\$				●
Fund <u>small business matchmaker team</u>	Ongoing	\$		●		●
<u>Acquire/master lease vacant storefront space</u>	Ongoing	\$\$\$\$\$		●	★	●

Asset Ownership

Create <u>wealth-building opportunities for WMBE business owners and their families</u>	Ongoing	\$\$\$\$		●	●	
Expand technical assistance for <u>real estate ownership</u>	Ongoing	\$\$		●		●
Support <u>community-based banking program for Black and Indigenous Community</u>	N/A	\$\$\$\$				★

Growing Businesses & Industries

Invest in capacity of OED <u>industry liaison</u>	Ongoing	\$\$\$	●			
Revive grants/service contracts as a form of <u>direct support to industry sectors</u>	Ongoing	\$\$\$				
Specialized technical assistance for <u>mid-sized businesses on cusp of growth</u>	One-time	\$\$\$\$				★

1. Investing in Diverse Talent and Building Our Workforce

See Appendix for more investment details

Workgroup Participants

Angela Dunleavy (Chair)	Farestart, Workforce Development Council of Seattle-King County
John Lederer (Co-Chair)	City of Seattle, Office of Economic Development
Anna Pavlik	City of Seattle, Facilities and Administrative Services
Ashton Allison	King County
Dr. Mia Williams	Seattle Public Schools
Emily Yim	Washington Alliance for Better Schools
Erika Cox	Workforce Development Council of Seattle-King County
Estela Ortega	El Centro de la Raza
Katie Garrow	MLK Labor Council
Launda Aria	City of Seattle, Office of Immigrant and Refugee Affairs
Luis Navarro	Port of Seattle
Madalina Calen	Community Attributes, Inc.
Monty Anderson	Seattle Building & Construction Trades
Ryan Davis	Seattle Jobs Initiative
Shukri Olow	City of Seattle, Human Services Department
Tracy Whitten	City of Seattle, Office of Sustainability & Environment
Veronica Wade	Seattle Colleges
Elizabeth Meza	Apple Meza Education Consulting
Brock Grubb	Independent Consultant

Table 3. Investing in Diverse Talent and Building Our Workforce Workgroup Participants

Vision & Context

This workgroup has a vision that the City of Seattle will work in close collaboration with workforce partners, to champion equity as the major driver for workforce strategy in the region to eliminate gaps in employment, earnings, and advancement between race/ethnic and gender groups.

To do this, the City will support Black, Indigenous, People of Color (BIPOC), and immigrant and refugee communities, who have historically experienced economic marginalization, and under-investment without an intentional and concerted effort to center their needs and ensure their equitable outcomes in the economy.

The following investment recommendations were identified as part of a larger effort to develop a [Citywide workforce development strategic plan](#), a process that included three phases: (1) develop goals and strategies for the strategic plan, (2) surface investment concepts aligned with strategic plan goals and strategies and (3) prioritize investment concepts. All investment concepts summarized here have been constructed at a very high level. Each investment recommendation identified in this section is aligned with a specific goal of the Citywide workforce development strategic plan. Should OED leaders and/or other leaders at the City decide to advance these investment recommendations, workgroup members would welcome the opportunity to help elaborate on the implementation approach.

Investment Recommendations

Immediate Investment #1: Collaborate with sector-specific coalitions of employers to scale up paid work-based learning opportunities (Aligned with Goal 1 in draft workforce development strategic plan)

Seattle workers need access to more “earn and learn” opportunities where they can earn an income while simultaneously learning the skills they need to achieve self-sufficiency in the future. The City already supports earn and learn programs like the Seattle Youth Employment Program and public works apprenticeship requirements.

City staff can work together to expand the availability of these programs to provide even more young BIPOC, and young people from immigrant and refugee communities with opportunities to earn money while they gain important knowledge and skills through their education and training. This includes collaborating with partners to develop new “earn and learn” training options including apprenticeship, paid internships, incumbent worker training, and co-op model training. Doing so can help lead to a more racially equitable and inclusive economy.

The high cost of living in Seattle makes it difficult for unemployed, under-employed, and low-wage workers to engage in education, training, and employment programs. Most college financial aid and workforce education programs cover some or all of the student’s tuition and fees, but there is rarely much left over for living expenses. Creating more work-based learning education and training options will enable workers to sustain themselves and their families while learning new skills or upgrading existing ones.

Immediate Investment #2: Add career navigation and other support services for parents and caregivers of participants in existing, City supported youth employment programs (Aligned with Goal 2 in draft workforce development strategic plan)

The City's youth employment programs provide young BIPOC, and youth from the City's immigrant and refugee communities with important work-based learning experiences and skill development opportunities. But the caregivers of the young people who participate in these programs may also be in need of career navigation

support or other support services to help them access stable jobs. By focusing exclusively on youth, the City is under-leveraging its access to other Seattle residents who may be in need of assistance. Such two-generation ("2Gen") approaches have been an area of focus on the Aspen Institute's Ascend program and other initiatives.

Augmenting current youth employment programs to include outreach and support for the participant's caregivers would leverage existing program infrastructure to ensure that more BIPOC, and members of immigrant and refugee communities have access to the support they need to advance in their careers.

Immediate Investment #3: Scale up CBO-provided wraparound support services to participants in city-supported workforce development programs including a potential basic income experiment (Aligned with Goal 3 in draft workforce development strategic plan)

Participants in city-supported workforce development programs face multiple, complex barriers. Individuals who are unemployed or under-employed often struggle to meet their basic needs including housing, food and transportation. These barriers can lead participants to drop out of workforce development programs before completion, leaving them no better off than when they started.

Providing comprehensive wraparound support services (e.g., housing, food, transportation, and guaranteed basic income) to participants in city-supported workforce development programs can help these individuals complete their programs and access jobs that yield self-sustaining wages.

One possible wraparound support for participants would be enrollment in a guaranteed basic income program. Guaranteed income efforts have growing momentum nationally. Program replication is being propelled by encouraging evidence produced

by the [Stanford Basic Income Lab](#) and the University of Pennsylvania's [Center for Guaranteed Income Research](#) as through the support of advocacy groups like [Mayors for a Guaranteed Income](#).

Big Bet #1: Evaluate current childcare efforts underway in the region to identify and scale up the most effective strategies (Aligned with Goal 3 in draft workforce development strategic plan)

Access to affordable, quality childcare is a powerful, inclusive economic development strategy. Not only does it support the growth and development of children receiving care, it also enables the Children's caregivers to support their jobs and career development at the same time. This has a multiplicative effect on the development of the economy.

The City should evaluate current childcare efforts underway in the region to identify and scale up the most effective strategies. This process should include consideration of options for expanding childcare access including direct cost subsidization of early learning centers and/or subsidies to families, including Seattle workers who live outside of Seattle. The process should prioritize support for BIPOC, and immigrant and refugee communities, who have historically experienced economic marginalization.

The City already provides childcare support to Seattle families through the Child Care Assistance Program (CCAP) approved as part of the Families, Education, Preschool and Promise Levy (FEPP). Additional state support childcare assistance if available through the Department of Children, Youth and Families' (DCYF) Working Connections program. These support programs provide a huge help to those who qualify. However, the programs include income eligibility requirements that leave many Seattle workers in a difficult spot: they make too much money to qualify for support, but not enough to pay the high cost of childcare. Furthermore, due to high housing costs in Seattle, many BIPOC and immigrant and refugees work in Seattle, but live outside of the City making them ineligible for the CCAP support.

In addition to these demand side issues, the childcare market has other challenges on the supply side. One key challenge is low pay and meager benefits for early childhood educators, which leads to talent retention and pipeline issues.

Big Bet #2: Launch a benefits cliff reduction initiative to support workers as they move from entry level to family sustaining wages (Aligned with Goals 3 and 4 in draft workforce development strategic plan)

Many BIPOC and members of the immigrant and refugee community who participate in workforce development programs supported by the City of Seattle receive benefits as a part of their participation in a program (e.g., a stipend or other form of payment). Program participants also get occasional raises at their places of employment as they advance in their careers.

Benefits and raises can lead to unintended negative impacts if they put participants over the “benefits cliff.” This happens when the public assistance or raise bumps participant income across a given policy threshold that leads to loss of other benefits (e.g., childcare subsidies like Working Connections, Medicaid, SNAP) and leaves them economically worse off than if they had not received the added benefit or raise.

In other states, solving the benefits cliff issue has involved changes to the design of state benefits programs. City leaders can partner with leaders from King County and

other city and county leaders across the state to advocate for changes in state benefits programs to remove or reduce the impact of benefits cliffs. Additional effort may be needed to provide participants in Seattle programs with guidance and support to navigate existing benefits cliff and make sure that they are maximizing their economic wellbeing.

This effort would involve a 12-month study period to develop a deeper understanding of how widespread the benefits cliff challenge is for Seattle workers, which workers are most impacted while participating in which public benefit programs, how specific workers are being negatively impacted, and how other states and localities have addressed these issues.

After the study period, specific priorities for addressing the benefits cliff issue in Seattle including both policy/advocacy and programmatic efforts would be set, allowing the City to set meaningful and ambitious implementation and outcome targets. Within three years, the City would then meet those targets through implementation of (a) an advocacy effort that seeks to change the design of state benefits programs so that workers do not experience benefits cliffs and (b) programmatic work to help workers successfully navigate existing benefits cliffs.

Partners & Considerations

Work has been done across many decades and with many partners to try to align public and private investments to support workforce development, and an equal amount of work has recently focused on establishing a coordinated effort through the Workforce Development Council of Seattle-King County. Any investments and programming from OED should improve cross-partner coordination and coherence in the region's workforce development system as well as priority industry sectors that the City should clarify for its focused workforce efforts.

Other partners to collaborate with on recommended investments include the Human Services Department, Department of Education and Early Learning, Seattle Parks and Recreation, and other City departments as appropriate.

Because of the potential reach and impact of the recommended big bets, the City should work closely with King County and the state, along with DEEL as the lead for existing childcare programs operated by the City. For workforce and talent investments to be fully realized, the workgroup noted these partnerships to be key in potential policy reform of state public benefits programs.

2. Supporting WMBE and Small Business Enterprises

See Appendix for more investment details

Workgroup Participants	
Donna Moodie (Chair)	Capitol Hill EcoDistrict
Alicia Teel	Seattle Metropolitan Chamber of Commerce
Carmen Kucinski	City of Seattle, Facilities and Administrative Services
Che Wong	Craft3
Eduardo Rojas Esparza	City of Seattle, Office of Economic Development
Erin Adams	Seattle Made
Gabriel Neuman	The Greater Seattle Business Association
Ken Takahashi	JP Morgan Chase & Co.
Laura Clise	The Intentionalist
Luanda Arai	City of Seattle, Office of Immigrant and Refugee Affairs
Michael Wells	City of Seattle, Office of Economic Development
Ollie Garret	Tabor100
Tracy Taylor	Elliot Bay Books
Marc Casale	Kinetic West
Merilee Teylan	Kinetic West

Table 4. Supporting WMBE and Small Business Enterprises Workgroup Participants

Vision & Context

The workgroup envisions a level playing field for economic success for all through the elimination of barriers that create inequitable access to entry and sustainability for Women & Minority-owned Business Enterprises (WMBEs) & Small Business Enterprises (SBEs), particularly communities that have been intentionally under-resourced and excluded from economic opportunities.

This vision can be actualized through an inclusive, efficient, and nimble ecosystem of robust and easily navigated support tools that are language & culturally accessible, are available to any and all WMBEs & SBEs, are staffed & resourced substantially and intentionally, and are sustained financially by public-private partnerships. To ensure strategies and programs are truly growing an inclusive economy for WMBEs & SBEs, metrics need to be established to capture measurable improvement in access to capital, revenue, & wealth creation that both seed and sustain WMBEs & SBEs.

Setting such metrics will ensure that progress can be monitored & evaluated, and OED, the City and their partners are able to learn and adapt.

These efforts would create a sustainable, inclusive economy where WMBEs & SBEs are the fabric of all of business districts (downtown or local neighborhoods) in brick-and-mortar locations where they are able to choose to start and stay in neighborhoods, are integral to establishing a clean and safe neighborhood, and share prosperity with the communities they serve and support.

Investment Recommendations

Immediate Investment #1: Peer Mentorship

Technical assistance programs, while abundant, are fragmented and often embedded within complex systems that are not easily navigated making it difficult for WMBEs and SBEs to access important information that can aid in the success of their businesses. Furthermore, many “broad-based” technical assistance programs are staffed by business consultants or corporate supplier diversity leads who do not have direct, relevant experience to small business owners. Efforts like Tabor 100’s Technical Assistance Program and the GSBA’s Women Entrepreneurs Programs create business-to-business or “near-peer” partnerships where one business functions as a mentor and the other a mentee.

The matching process is intentional, pairing a mentee with a mentor who has relevant experience based on the mentee’s business needs. This method of technical assistance also builds a sustainable network of support within business communities and neighborhoods.

Investments from OED could be used to (a) subsidize operational costs for existing “near-peer” programs, and (b) incentivize and support participation by compensating both mentors and mentees. WMBEs & SBEs would be able to get targeted and experience-based mentorship through intentional business pairings, with the ultimate goal of reducing barriers to economic success.

Immediate Investment #2: City Navigation Support

Owning and conducting business within Seattle requires understanding resources and processes across multiple city departments including paying taxes, adjusting to street closures and construction, and navigating procurement opportunities with the City, to name a few. Navigating the complex structure of city government is a barrier many WMBEs and SBEs face, and often assistance comes in the form of a scheduled

appointment that could be several weeks out. There is an opportunity for OED to invest in the development of a city navigation help desk and outreach program that provides real time and proactive support to WMBEs & SBEs that is both language and culturally accessible. This could look like a support helpline and/or queued chat application that assists with navigating city departments and resources, and the development of interdepartmental collaboration and communication stream that allows OED to provide proactive outreach to businesses that will be affected by work or policies from other departments. This program would give historically marginalized and excluded business owners and businesses owners with fewer resources agency by removing obstructions to support from the city. Larger businesses can afford to hire resources to navigate the public infrastructure for them, and this investment would help level the field.

Immediate Investment #3: Commercial Affordability

Having a physical presence in a business district is key for WMBEs & SBEs to have access to markets and establish a customer base. Thriving small businesses are critical to creating vibrant and dynamic neighborhoods around Seattle. However, brick-and-mortar storefronts come with substantial costs and both cost and complexity has increased during the current economic downturn.

To ensure that WMBEs and SBEs can make well-informed decisions and avoid predatory practices, OED should consider subsidizing the costs of property consultants, like real estate lawyers, architects, and commercial brokers, who can advise WMBEs & SBEs on topics like lease negotiation/renegotiation, tenant rights, tenant improvements, and fair rental rates. This investment would help WMBEs & SBEs avoid predatory practices that prevent them from building wealth through their businesses in an already inequitable system while enabling them grow and remain in their communities.

Big Bet: Increase access to affordable capital

Traditionally, financial institutions that provide capital for businesses have historically under-resourced and/or created structural barriers to exclude WMBEs & SBEs, particularly BIPOC business owners and entrepreneurs. Nationwide, approximately 16% of Black- and minority-owned businesses report their profits are negatively impacted by the cost and lack of access to capital, whereas 10% of white-owned businesses report the same. More than half of Black business owners are turned down for loans, a refusal rate that is twice as high as what white business owners experience. And 1 in 4 Black business owners forgo applying for credit, with 60% believing they would be turned down if they did apply. The belief that they will be

rejected is so strong that Black business owners with credit scores above the 75th percentile are more than twice as likely as their white counterparts not to apply for a loan.

These existing barriers have been amplified by the economic fallout of the COVID-19 pandemic. In recent months, the Federal Reserve has been raising interest rates to combat inflation. These interest rate increases are rippling through the whole financial system, further increasing the cost of capital for WMBEs & SBEs. OED can help move the needle for these businesses by increasing access to affordable capital through one or more of the following mechanisms:

- Buying down interest rates to offset the rising rates & inflation
- Increase access to capital through derisking loans
- Providing sizeable grants in the form of loan forgiveness or repayment support

Each of these options bears special consideration. For example, while derisking loans increases access to capital by increasing the pool of funds that increases the appetite of lenders to provide loans, that mechanism doesn't necessarily translate into making capital more affordable for the borrower. Across all options, OED would need to make a legal case for using JumpStart funds (i.e., general funds) as a gift of public funds, which is prohibited in Washington state; however, in a memo from the Attorney General in April 2020, OED has been able to justify existing programs that provide economic recovery support through gifted funds, like the Capital Access Program.

Equally important to these strategies is to provide operational funds for technical assistance related to access to capital that is specifically tied to the mechanism so that businesses can submit complete and competitive applications and benefit from these opportunities. This recommendation, also identified as a priority immediate investment by the Asset Ownership workgroup, aims to remove some of the barriers faced by WMBEs & SBEs to improve access to capital and subsequently, revenue growth, commercial real estate ownership, and wealth creation.

As with existing programs like the Capital Access Program, the City should consider working closely with existing community-driven financial institutions like Community Development Financial Institutions (CDFIs).

Partners & Considerations

Within the City, Seattle's Department of Facilities and Administrative Services (FAS) leads efforts to support WMBEs and drives policy in this space; therefore, it is vital that OED initiatives are created in partnership with FAS to maximize impact on the communities that both departments hope to serve, and avoid duplicating efforts, or worse competing programs that splinter the support available to WMBEs.

Within the community, OED should coordinate efforts with community-based organizations that support WMBEs and SBEs like Tabor 100, Greater Seattle Business Association (GSBA), Seattle Restored, Business Improvement Areas, and the Seattle Metropolitan Chamber of Commerce.

The City should also seek to coordinate efforts with aligned private and philanthropic funders including the Seattle Foundation, JP Morgan Chase, and Microsoft working to develop SBEs and WMBEs. OED should also work in partnership with the Office of Intergovernmental Relations (OIR) and the State of Washington, to explore opportunities to co-invest with federal and state government, respectively, in support of SBEs and WMBEs.

3. Place-based Investments

See Appendix for more investment details

Workgroup Participants	
Erin Goodman (Chair)	SODO Business Improvement Area
Ahi Martin McSweeney	The Greater Seattle Business Association
Chris Levenson	Lake City Future First
Daniel Lokic	The U District Partnership
Jacqueline Gruber	Vulcan Real Estate
Keasa Jones	Uncle Eddie's Public House
Kylie Rolf	Downtown Seattle Association
Larry Wilmore	Rainier Beach Safeway
Lauren Flemister	City of Seattle, Office of Planning & Community Development
Lyle Bicknell	City of Seattle, Office of Planning & Community Development
Matthew Richter	Cultural Space Agency
Quynh Pham	Friends of Little Saigon
James King	Central Area Community Development Association
Theresa Barreras	City of Seattle, OED
Whitney Moore	West Seattle Chamber of Commerce
Andres Mantilla	BDS Planning & Urban Design
Jacqueline Robinette	BDS Planning & Urban Design

Table 5. Place-based Investments Workgroup Participants

Vision & Context

The Place-based Investment workgroup anchored their vision and work on the concept that Seattle is a city of strong neighborhoods and business districts, and that everyone benefits when empty storefronts are turned into vibrant spaces, which makes for better public places.

Nearly 3-years since the COVID-19 pandemic found its way to the Greater Seattle Area, the business community is continuing to struggle to get on its feet. Storefronts that were once filled with products, employees and customers now sit empty in downtown Seattle and across neighborhood business districts. The following investment recommendations all attempt to address this issue through the scaling of existing programs at OED or with OED partners.

A Note on Downtown Renewal

What is not reflected among these recommendations are specific investments related to downtown renewal; efforts already underway and a top priority for the Mayor. The City needs a unified, multi-department approach that engages strategic partnerships with the private sector and philanthropy.

Investment Recommendations

Immediate Investment #1: Activation and programming of vacant storefronts

OED is a named partner of [Seattle Restored](#), which is a program that is activating vacant storefronts and windows with engaging pop-up shops and art installations from local entrepreneurs, artists, and makers in Seattle's neighborhoods. The workgroup recommends that OED add low-barrier program dollars that can be readily made available to businesses, property owners, and place-based, community organizations such as BIAs or other neighborhood business groups for short-term, pop-up activations.

These funds should support a program that can also act as a pipeline to better position pop-up businesses for permanent uses by connecting them with needed technical assistance and services. Expanding programs like Seattle Restored allows for stronger activation in diverse neighborhoods. Additionally, partnering with community-based organizations empowers communities to activate spaces for community uses including for BIPOC creatives, entrepreneurs, mutual aid and/or services.

Immediate Investment #2: Supporting place-based neighborhood business organizations

Since 2012, OED's [Only in Seattle](#) has supported neighborhood business districts in organizational development strategies, business development, marketing, placemaking, clean and safe and beautification efforts by providing grant funding and staff support to foster inclusive neighborhood business districts that allow small

businesses to thrive. The members of the Place-based Investments workgroup recommend increasing dollars to support organizational capacity for place-based organizations with a focus on supporting staffing and growth of business organizations, like Only in Seattle. The program should include a pipeline for developing or supporting new place-based business organizations and community efforts, and ongoing opportunities for shared learning and business cohorts. Place-based business organizations that have sustainable funding and staff capacity can more actively advocate for their community needs and are better positioned to support neighborhood-based small businesses.

Immediate Investment #3: Funding a small business matchmaker team

OED has the opportunity to invest in activating vacant storefronts through establishing and funding a business matchmaker team within OED that is focused on connecting small businesses looking for new or expanded space within neighborhood business districts. This team would be called to work across the city with neighborhood business districts to fully understand their business recruitment needs, which will help business districts that do not have sustained capacity to provide this service. Certain neighborhood business districts have staff to support this type of work, like in Pioneer Square, where staff were able to intentionally recruit business types and make direct connections with commercial brokers and property owners.

Big Bet: Acquire or master lease vacant storefront space

A key tenant of OED's inclusive economy commitment is to support small and microbusinesses. Access to low barrier, low-cost space and rent is a common hurdle that is faced by BIPOC businesses. This is particularly true for microbusinesses that need flexible or shared space to try out new business concepts. Currently, the efforts from the city, including in OED, have proven successful albeit with one-time funding. The workgroup recommends that OED acquire or master lease vacant storefronts for use by BIPOC microbusiness who need flexible, low-barrier incubator space.

Additionally, OED would pair tenants with wraparound technical assistance and financial services to strengthen business models. These recommendations could be housed within the Ownership Fund in OED and/or the Equitable Development Initiative and Strategic Investment Fund in the Office of Planning & Community Development (OPCD).

Partners & Considerations

Representatives from the City of Seattle's Office of Planning & Community Development (OPCD) were active participants in this workgroup. As OED moved forward with place-based investments, it is also vital that they continue to work closely

with BIAs and cultivate partnerships across the city's many departments and offices, including Department of Neighborhoods, Office of Housing, Department of Parks & Recreation, Department of Facilities and Administrative Services, Office of Arts & Culture, and Department of Construction and Inspections (SDCI).

A continued partnership with SDCI is particularly important to streamline permitting review and the City should consider a broader permitting review to understand

bottlenecks that often occur through the tenant improvement process, which would result in faster activation of storefront improvements and buildouts. Furthermore, the City should explore revising their vacant properties/unfit buildings standard since the current standard makes it difficult for the City and business districts to act on buildings in different states of disrepair.

Beyond the City, there are partners at the state level, like the WA State Department of Archaeology and Historic Preservation and the county level, like 4Culture. At the federal level, there are opportunities to partner with the Small Business Administration and the Economic Development Administration, and connections can be made by the City's Office of Intergovernmental Relations. The workgroup also identified a number of community and neighborhood-based non-profits who would be essential partners in this work, spanning from legal support (e.g., Public Defender Association) to business associations (e.g., Seattle Good Business Network, Downtown Seattle Association) and arts organizations (e.g., Shunpike).

4. Asset Ownership

See Appendix for more investment details

Workgroup Participants	
Andrea Caupain (Chair)	Byrd Barr Place
Bruce Brooks	Craft3
Chuck Depew	National Development Council
Dom Davis	Community Passageways
Giullia Pasciuto	Puget Sound Sage
Gregory Davis	Rainier Beach Action Coalition
Heidi Hall	City of Seattle, Office of Economic Development
Jamie Lee	Seattle Chinatown International District Preservation and Development Authority
Michelle Merriweather	Urban League of Metropolitan Seattle
W. Tali Hairston	Independent Consultant

Table 6. Asset Ownership Workgroup Participants

Vision & Context

To provide immediate impact and big bet opportunities that support investment in owner-occupied commercial real estate loan programs, residential asset ownership, and introduce financial empowerment programs, the Asset Ownership workgroup recommends a type of fundamental framework for how capital investments can be

structured, subsidized, and leveraged. This would support a range of affordable investments that can be offered based on what best benefits BIPOC businesses. Due to the diversity of BIPOC businesses, a one-size fits all model is not recommended.

With this in mind, the goals of the Asset Ownership workgroup were to:

- Catalyze and incentivize the private market,
- Maximize flexibility and the range of options for a diversity of businesses,
- Mitigate risk to businesses so that they can thrive and not simply survive,
- Launch opportunities that reduce the need for OED management/requirements, and
- Create innovative ownership and lending structures

While asset ownership encompasses both strategies that support commercial and residential ownership, the Asset Ownership workgroup prioritized strategies that build viable businesses through commercial property ownership, an area where workgroup members saw the City and OED more likely to have influence and impact. With a focus on commercial ownership, businesses through that ownership can also be more affordable to community patrons, having wider economic impacts.

Individual asset ownership and wealth generation strategies like residential ownership, individual financial empowerment programs, and helping firms adopt employee ownership models (strategies identified in Phase 1 of this project) will require further exploration if the City sees a viable role for itself in that arena.

Several recommendations offered by the workgroup are considered short-term, while other “big bet” strategies, though ultimately lacking the speed to impact, serve to incentivize innovation and adaptation within capital systems for public and private funders.

Investment Recommendations

Immediate Investment #1: Create ownership opportunities and address barriers for small businesses and individuals to build wealth, control their commercial spaces, and increase economic stability

Prioritize and/or scale models that leverage private capital resources. Consider a range of structures to meet diverse needs such as co-located businesses, mixed-use facilities, collective asset ownership opportunities, small business ownership of commercial spaces, and other strategies. Currently, lenders are apprehensive to fund

such approaches as too risky.

This is where OED can seek to leverage its position with private funders. Therefore, it is recommended the City leverage its position with other public and private funders to scale investments in collective asset ownership entities, (e.g., real estate investment trust, or community land trusts, [affordable commercial cultural spaces](#) - versions of which are already underway with the Office of Planning & Community Development, Office of Housing, and Cultural Space Agency) or broaden investments to new community ownership models, especially for BIPOC communities.

This immediate investment also requires piloting and scaling new funding models (e.g., [Business Community Ownership Fund](#)) as well as strategies to reduce the capital a small business needs to purchase its space. OED can provide grant funds at the front end that subsidizes the down payment and alleviates the need for high collateral-based loans. A portion of the grants should be designed with a no-payback obligation. The goal is to impact the likelihood of a more affordable loan structure that ensures the most economically vulnerable communities can have access to affordable and sustainable businesses.

OED could take an active role in providing the groundwork to identify the ways the City, mayor, and the private sector could work together to increase ownership of commercial and residential real estate that make feasible shared ownership models.

Immediate Investment #2: Expand robust technical assistance around commercial real estate ownership

Fund the expansion of robust technical assistance to support small businesses to recover and grow in their neighborhoods, with a particular emphasis here on commercial real estate ownership for BIPOC communities (e.g., commercial space planning, expedited permitting, and understanding the tax implications of owning commercial real estate). This would round out the WMBE & SBE immediate investments #1 and #3 to provide near-peer mentorship and subsidize property consultants. Collectively, these investment recommendations would provide a robust continuum of technical assistance options that support WMBE & SBEs with relevant

mentorship to meet their unique needs (e.g., financial health including accounting, legal assistance, digital access, marketing, and succession planning) while also increasing access to commercial affordability.

Big Bet: Support the development of a non-profit community-based business and banking program that is focused on Black and Indigenous communities

It is recommended that OED fund a collaborative effort to catalyze a planning grant of no less than \$1 million dollars over a three-year period to support the research and development of a non-profit community-based business and residential banking program that focuses on the black and indigenous communities, with the intent to address the boundaries and opportunities to increase ownership in communities that have historically lacked access to those opportunities. There is potential for this to evolve into an actual neighborhood bank that also pilots innovative approaches in ownership and loan structure.

Partners & Considerations

A number of City departments, including the Office of Housing and Human Services Department, are working on the development of mix-used spaces through the use of federal Community Development Block Grants. OED should work in partnership with these departments to leverage existing funds and multiply investments. Again, investments related to WMBEs & SBEs should be made in coordination with FAS.

5. Growing Businesses & Industries

See Appendix for more investment details

Workgroup Participants	
Brian Surratt (Co-Chair)	Greater Seattle Partners
Vaughn Taylor (Co-Chair)	Seattle Metropolitan Chamber of Commerce
Jasmine Donovan	Dick's Drive-In
Joe Sky-Tucker	Business Impact NW
Kelly Fukai	Washington Technology Industry Association
Marc Cummings	Life Sciences WA
Mel Clark	CleanTech Alliance
Peter Fuerbringer	City of Seattle, Department of Construction & Inspections
Preeti Shridhar	City of Seattle, Office of Economic Development
Rico Quirindongo	City of Seattle, Office of Planning & Community Development
Wil Tutol	UW Consulting & Business Development Center
Andy Ferrera	Kinetic West
Theresa Kouo	Kinetic West

Table 7. Growing Businesses and Industries Workgroup Participants

Vision & Context

The Growing Businesses and Industries workgroup envisions the future of the Seattle economy as one in which the City works collaboratively with the private sector and key industries to co-develop shared priorities. This includes proactive engagement with industry leaders, identifying new key industries, and supporting rapid growth companies – those looking to scale quickly from small to medium or medium to large firms. Dedicated investment and partnership with those businesses on the cusp of growth, particularly those that can grow in family sustaining wage jobs, will create mutually beneficial outcomes for the city, its residents and industry.

Investment Recommendations

Immediate Investment #1: Invest in OED industry liaison staff to be effective in their roles

OED's mission of creating a more inclusive economy requires all staff to make targeted efforts to engage and create opportunities for access, particularly for

communities that have been systemically excluded. The purpose of the liaison role is to democratize access to OED and the City, not limited to engagement with existing key industries, but inclusive of proactive relationship building to attract new industry development.

The workgroup recommends an investment in OED industry liaison staff members assigned to specific industry sectors, with consideration for industry size and level of regulation, who are empowered to help industry navigate the city, its investments, and its policies while being collaborative partners who can help advance the City's vision for economic development. The City needs effective industry liaisons who can:

- Engage with leaders in industry convenings to surface industry-specific needs that the City is poised to address; Work closely with industry associations on a workplan to address those needs
- Work across City departments to address consistent barriers and challenges experienced across clusters
- Proactively develop deep relationships with industry leaders to be the eyes and ears of the City and support strategies that enhance the industry ecosystem
- Communicate to industry organizations and leaders the City's vision for key industries in Seattle and proactively identify opportunities for growth and/or emerging industries
- Host quarterly report outs to keep industry leaders apprised of City's economic development priorities, upcoming programs, federal fund opportunities, policy changes, etc.

The industry liaison or industry advisor team should be staffed with senior-level individuals who understand business, understand how the City operates across multiple departments, and have knowledge of staff who they can connect to elevate consistent business challenges, including policy challenges. These individuals should have regular visibility with the OED director and other department leaders, be given sufficient authority from the Mayor to convene other department workgroups, and be properly resourced to resolve common and significant challenges that inhibit business growth.

Immediate Investment #2: Direct industry support

Revive small grant opportunities and/or service contracts with industry associations (approximately \$50-\$75K / recipient). Recipients would create new or implement existing industry-specific support programs for growing businesses specifically in Seattle. Support programs could include expert coaching on establishing a business in Seattle, polling / surveying businesses to better understand Seattle-specific needs, etc. The grants will serve as a mechanism by which the city can create private/public

partnerships with private sector leaders to advance shared priorities.

The commitment of resources across key industries tasked to do targeted work in Seattle can incentivize businesses to scale in the city given the additional support of programs and services offered by industry associations. OED can specify equity as a priority and require industry association recipients to be more targeted in their approach by charging recipients to focus on women or minority-owned businesses enterprises seeking support to grow in Seattle.

Big Bet: Specialized technical assistance for growing midsize businesses

Focused support for mid-size businesses facing a potential growth stage has the potential to be an important business retention and expansion strategy for the City. By investing resources, the City can support these growing mid-size business to be more competitive, potentially leading to more jobs with family sustaining wages. Much of the City's existing resources and attention have been directed to large corporations and micro/small businesses, creating a gap for businesses in the middle that have unique, often individualized needs or are being priced out of high-quality services.

To ensure their success and establish a legacy connection to Seattle, the City should subsidize costs for services such as executive coaching and business consulting services that can provide individualized and/or specialized support to mid-size businesses at a pivotal inflection point in their company development, particularly for those businesses that do not have access to financial support from other places (e.g., venture capital). Pivotal inflection points can include adding a new business vertical, location expansion, increasing family sustaining waged jobs by 20%, compliance with required changes due to a change in the industry, or other market opportunity.

Partners & Considerations

The private sector has a significant role to play in the prosperity of Seattle's economy. While these investment recommendations may not rise to the level of priority as other workgroup investments, how OED and the City invests in and engages with private sector groups through these proposed growing businesses and industries investments is an important consideration for restoring business confidence in the City and ultimately defending the Jump Start tax.

With that in mind, as it relates to direct industry support, OED should consider how this work dovetails with the industry and sector focus of the Workforce Development Council, as well as the Community and Technical Colleges' Centers of Excellence.

Furthermore, OED should consider establishing new key industries such as the childcare industry to further support recommendations identified by workgroups in this process.

While direct industry supports to industry associations is a strong signal of City support for industry, there are many City businesses not tied to industry associations. As a policy recommendation, members of the workgroup asked that the City consider tax incentives or other ways it can provide direct support to businesses looking to scale in Seattle, particularly businesses not represented by an existing industry association.

Other policy issues and considerations that came up frequently among workgroup members as inhibitors to business growth where the City could play a role in addressing included expediting permit wait times, accelerating infrastructure improvements, addressing public safety concerns, filling vacant storefronts, lack of affordable housing near industry clusters, and lack of City communications of policy or code changes that impact businesses.

IV. Investment Alignment

Investment Alignment	
Alex Rouse	City of Seattle, Office of Intergovernmental Relations
Angela Jones	Bill & Melinda Gates Foundation
Brad Whitehead	Independent Consultant
Kailani DeVille	City of Seattle, Office of Economic Development
Mary Jean Ryan	Independent Consultant
Michael Brown	Seattle Foundation
Michelle Nance	City of Seattle, Office of Economic Development
Ryan Donahue	Independent Consultant
Marc Casale	Kinetic West
Merilee Teylan	Kinetic West

Table 8. Investment Alignment Workgroup Participants

The City is intent on ensuring that its investments in economic and workforce development have multiplier effects. To better understand what these opportunities are, OED convened an Investment Alignment workgroup to identify ways in which OED could target and structure its funding for maximum effect.

Overall, this workgroup confirmed that leaders from government and philanthropy need to dedicate more resources to building the systems that would enable strategic alignment of funding. Within government, it is difficult to identify how much is being invested across departments in a given priority area (such as workforce development). In the area of Economic Development, the region’s major philanthropies do not have a consistent mechanism for coming together, identifying shared priorities and goals, and organizing their funding commitments accordingly. ([The Fund for Our Economic Future](#) in Cleveland and the [GroundBreak Coalition](#) in Minneapolis-St. Paul are examples of such efforts).

Since neither set of actors can clearly define their own current or planned commitments to different areas of activity, it is very difficult to organize cross-sector alignment. The implication for OED is that it can take more of a leadership role in building systems and processes within the city that make it easier to map funding to priorities, and it should proactively engage in funders tables that are likely to emerge in the region in the near future.

With those systems and partnerships in place, the investment alignment workgroup identified a few ways in which OED can think about creating multiplier effects with its funding.

Make bold investments to attract flexible philanthropic and federal funding: In this approach, OED can create multiplier effects by using its investments as a clear signal for where other entities should co-invest. This co-investment could be from philanthropies that have general commitments to certain issue areas relevant to OED's work (such as entrepreneurship, neighborhood vitality, or workforce development) but are looking to the public sector for guidance as to where to invest for maximum impact. OED is in a strong position to guide the philanthropic sector given that this project involved extensive efforts to define and aggregate community priorities rather than imposing the City's own viewpoint. The investment alignment group also urged the city to be proactive in maximizing federal funding – this could entail OED making bold investments so that other government agencies know where to direct their flexible formula funding (for example, workforce development dollars in the infrastructure bill), or OED making bold investments that would position Seattle to be successful in attracting competitive federal funds.

Make targeted investments to fill gaps in systems: In this approach, OED can take stock of existing philanthropic and public sector investments in various systems (small business support, workforce development), and make highly targeted investments that turn disparate programs into a system that effectively serves the needs of businesses and workers. This may require the city to invest in areas that other entities have not, either because they are perceived as risky or because they are not appealing to philanthropic donors. This also requires OED to have a clear theory as to what constitutes an effective, comprehensive system of supports in the different areas in which it works.

Follow philanthropic investment to scale promising or proven programs: In this approach, OED can play a complementary role to philanthropy, taking on the responsibility of investing in existing programs that risk-tolerant philanthropies have supported in their early years. In this way the city can create multiplier effects by ensuring that philanthropic and public sector investments in pilot programs actually achieve their intended outcomes, which is to identify new models worth scaling and sustaining.

V. Role of OED

The past several years have been disruptive not only for the economy, but for the economic development system. Community organizations have been forced to change in response to economic turbulence and the growing and changing needs of people, businesses, and neighborhoods. While government economic development agencies are also confronting overwhelming and evolving demands, the recent infusion of federal funding has also empowered them to act and invest differently. In cities across the country, governments, community organizations, economic development and workforce development entities, and philanthropies are rethinking their roles and their relationships with one another. In short, this is an opportune moment for OED to redefine its own role – and through the Future of the Seattle Economy project OED’s partners provided valuable insight about how OED can position itself to best drive inclusive growth.

Taken together, the suggestions made by the five workgroups, as well as the investment alignment workgroup, suggest that OED needs to serve three different functions.

Respond and Implement: OED needs to be highly responsive to businesses that need help navigating city resources and requirements, and in some cases deliver services directly to businesses. In the past few years, businesses both small and large have faced – and continue to face – immense challenges that heighten their reliance on city government. In some cases, this means the need for city government services and supports, and in other cases it means the need for information from various agencies. Both the WMBE/SBE and Growing Businesses and Industries workgroups noted that businesses need more assistance than is currently available, not only in terms of accessing OED’s resources but also navigating other city departments.

Further, while most recommendations from workgroups imply that OED should invest in service delivery by organizations and systems outside of OED (see next paragraph), several workgroups noted the need to expand or create services that OED is best positioned to deliver itself, such as a small business matchmaker team and City navigation support.

Organize and Build Systems: OED needs to invest more in knitting together systems that can provide coordinated, comprehensive supports to both businesses and workers. Many workgroup recommendations call upon OED to be more externally oriented, serving as a convener, orchestrator, and builder of systems. This reflects the

understanding that while community-based organizations are closest to the needs of small businesses and job seekers and thus best positioned to deliver services, they need a neutral convener that helps them define shared goals, assess the system as a whole and identify gaps, and make targeted investments to fill those gaps. In this role, OED focuses on scaling up the most promising or effective community-based efforts so that they meet the needs of the city's economy as a whole.

Similarly, it reflects the understanding that regional organizations are most familiar with the needs of high-growth startups and mid-sized businesses in key industries – including their workforce needs – but that these regional organizations need clear guidance from the City about its priorities and strategies so that they can adapt their efforts accordingly. In this role, OED works to harness the power of regional industries to advance its economic development priorities by scaling down region-wide efforts to meet the specific needs of Seattle residents and businesses. Each workgroup elevated an investment recommendation that calls on OED to lean into this role, like Place-based Investments' recommendation for OED to support existing neighborhood business organizations and their recommendation to activate vacant storefronts in neighborhood business districts, like what OED partner, Seattle Restored, has done for downtown Seattle.

Envision and Transform: OED needs to articulate a clear and compelling vision for the transformation of Seattle's economy, and periodically lead transformative cross-sector "moonshots" that require the City's unique capabilities and influence. As noted above, OED recognizes that it is often not the closest to any given problem and should therefore guide and empower other organizations rather than prescribing or delivering solutions. The members of the workgroups that created this strategy largely agree with this stance. At the same time, however, many noted that OED needs to embrace the power of city government to set and communicate a vision for the city's economy.

Although there are a wide array of organizations that contribute to economic and workforce development in Seattle, OED is uniquely capable of defining the city's priorities, and doing so would make OED a better partner to community and regional organizations by enabling them to orient themselves towards the same "north star" outcomes. Relatedly, it is crucial that OED takes the initiative to build coalitions and commit resources to particularly complex challenges in which multiple systems need to be knit together (for example, to dramatically expand childcare access or revitalize downtown) or that demand a level of risk tolerance that nonprofits often do not have (for example, creating new forms of capital for community ownership).

	Respond and Implement	Organize and Build Systems	Envision and Transform
Investing in Diverse Talent & Building Our Workforce	Build “two-generation” caregiver supports into City’s existing youth employment programs	Expand supports (incl. basic income pilot) for participants in City workforce programs	Launch benefits cliff reduction initiative to support workers as their wages grow
			Scale paid work-based learning opportunities
			Expand access to childcare for SEA workers
Supporting WMBE & Small Business Enterprises	Invest in building City navigation support for SBEs/WMBEs	Support employers to provide “peer mentorship” to other SBE/WMBEs	Increase access to affordable capital
		Subsidize property consultants to support WMBEs/SBEs on commercial affordability	
Place-based Investments	Fund small business matchmaker team	Support place-based neighborhood business organizations	Acquire/master lease vacant storefront space
		Activate/program vacant space (i.e. storefronts)	
Asset Ownership	Expand technical assistance for real estate ownership	Increase access to affordable capital their families	Support community-based banking program for Black and Indigenous Community
Growing Businesses & Industries	Specialized technical assistance for mid-sized businesses on cusp of growth	Revive grants/service contracts as a form of direct support to industry sectors	
	Invest in capacity of OED industry liaison		

Table 9. Investment recommendations organized by OED function

In addition to these roles, workgroups posed common questions about what data and metrics are currently used to measure the ecosystem health of the economy across and within the five pillars, and how OED was using this data as a baseline to measure against success. Without clear indicators for success, the ability to monitor, evaluate,

and learn from investment impact is limited. Ideas to support economic development, like the ones cultivated by the workgroups, cannot stand alone without data to illustrate where the City is now, where the City is heading, and where there are gaps in the ideas that will detract and distract from achieving success. As it clarifies its role within these three functions, OED should consider developing clear indicators and metrics of a thriving economy, both as the ecosystem level and at the program level to track outcomes and impact and monitor systems and programs that truly foster an equitable and inclusive economy. This could include a public dashboard to ensure the City is being transparent about its investments and give visibility to industry and community partners to help hold OED and the City accountable.

Traditionally, OED has dedicated most of its resources to the first of these three roles – responding to the needs of businesses, delivering services directly, and funding or engaging with external entities without an explicit commitment to system-building. In this economic era, OED is being called upon to do more – to serve as more of a convener, strategic investor, and visionary. The expansion of OED’s role does not guarantee a commensurate expansion of OED’s resources, so the imperative for OED going forward is to make clear and transparent decisions about which challenges it will seek to address through its own programs, which it will seek to empower partner organizations to address, and which opportunities it needs to proactively put on the city’s agenda. The recommendations made by workgroups give OED a community-informed blueprint for doing so.

VI. Next Steps

After reviewing the investment recommendations, OED and the City will have some decisions to make, including further prioritization of recommendations, asserting a clearer vision for how OED will invest and partner, and considering new ways to structure internally to best respond to the priorities laid out here. The clear north star to guide those decisions is a vision for an inclusive and thriving Seattle economy – especially for communities that have systematically been excluded from economic opportunity.

From this community-informed investment agenda, OED will review the investments and prioritize those that:

- Contribute to the vision of equitable recovery, economic stability, and an inclusive economy

- Prioritize most vulnerable communities
- Have measurable economic impacts
- Can catalyze future impact (i.e., “multiplier effect”)
- Have speed to impact (i.e., can be deployed quickly with near-term impact results)
- Align with immediate impact and “big bet” definitions
- Are highest and best use of OED and City resources

OED will then deliver those recommendations to the Mayor for review and finalization before delivery to City Council. Council will approval the recommendations during the 2023 budget revision process for implementation by OED and other departments beginning in 2024.

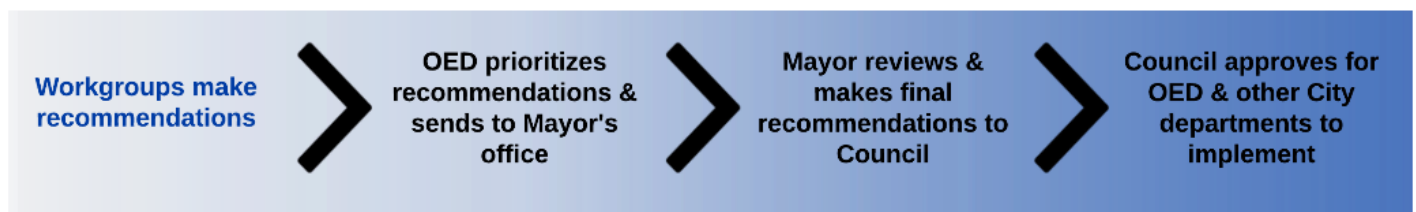


Figure 4. Prioritization of investment recommendations and decision-making process

Workgroup members, inclusive of both community partners and City staff, affirmed a desire for the City to prioritize existing programs that have already demonstrated their impact toward a vision of an inclusive economy. More often, these effective programs are in need of small changes, more sustainable funding sources, or more resources to scale their potential impact. There was a general sense that in the past the City has looked to innovate new programs, rather than investing the resources required to maintain and scale proven programs and strategies. This contributes to departments like OED being directed in many different directions.

As OED moves into implementation, there was general interest among workgroup members to consult on implementation. OED and the City should continue to engage those who have expressed a vested interest in seeing these investments move to implementation. While not all investments may be determined best use for Jump Start funds at this time, OED and the City have an important role to play in leveraging this process and the community-informed investment agenda developed here to identify other funding sources and live into an investment-agenda that promotes inclusive economic prosperity for all Seattleites.

Acknowledgements

Phase 1 Survey Respondents	
Africatown Community Land Trust	Port of Seattle
Alliance for Pioneer Square	Puget Sound Regional Council
ArtsFund	Seattle Chinatown International District Preservation and Development Authority
Ballard Alliance	Seattle Metropolitan Chamber of Commerce
Business Impact NW	Seattle Restaurant Alliance
Central Area Collaborative	SODO Business Improvement Area
Challenge Seattle	Tabor 100
Community Passageways	The U District Partnership
Craft3	United Way of King County
Crescent Collaborative	Urban League of Metropolitan Seattle
Downtown Seattle Association	UW Consulting & Business Development Center
Friends of Little Saigon	Ventures
Greater Seattle Partners	Visit Seattle
HomeSight	West Seattle Junction Association
Latino Civic Alliance	Workforce Development Council of Seattle-King County
MLK Labor	

Phase 2 Listening Session Participants

Participants	Organization
Roberto Salazar	Consultant, South Park
Anthony Johnson	Chief Seattle Club
Lilian Rambus	Simply Soul Catering
Monisha Singh	Chinatown/International District BIA
Ahi Martin-McSweeney	The Greater Seattle Business Association
Jordan Habenicht	Pioneer Square BIA
Lisa Howard	Pioneer Square BIA

Phase 3 Workgroup Members & Advisors

Investing in Diverse Talent & Building Our Workforce

Angela Dunleavy	FareStart, Workforce Development Council of Seattle-King County	Chair
John Lederer	City of Seattle, Office of Economic Development	Co-Chair
Anna Pavlik	City of Seattle, Facilities and Administrative Services	Member
Ashton Allison	King County	Member
Dr. Mia Williams	Seattle Public Schools	Member
Emily Yim	Washington Alliance for Better Schools	Member
Erika Cox	Workforce Development Council of Seattle-King County	Member
Estela Ortega	El Centro de la Raza	Member
Katie Garrow	MLK Labor Council	Member
Launda Aria	City of Seattle, Office of Immigrant and Refugee Affairs	Member
Luis Navarro	Port of Seattle	Member
Madalina Calen	Community Attributes, Inc.	Member
Monty Anderson	Seattle Building & Construction Trades	Member
Ryan Davis	Seattle Jobs Initiative	Member
Shukri Olow	City of Seattle, Human Services Department	Member
Tracy Whitten	City of Seattle, Office of Sustainability & Environment	Member
Veronica Wade	Seattle Colleges	Member
Brock Grubb	Independent Consultant	Facilitator
Elizabeth Meza	Apple Meza Education Consulting	Co-Facilitator

Supporting WMBE & Small Business Enterprises

Donna Moodie	Capitol Hill EcoDistrict	Chair
Alicia Teel	Seattle Metropolitan Chamber of Commerce	Member
Carmen Kucinski	City of Seattle, Facilities and Administrative Services	Member
Che Wong	Craft3	Member
Eduardo Rojas Esparza	City of Seattle, Office of Economic Development	Member
Erin Adams	Seattle Made	Member
Gabriel Neuman	The Greater Seattle Business Association	Member
Ken Takahashi	JP Morgan Chase & Co.	Member
Laura Clise	The Intentionalist	Member
Luanda Arai	City of Seattle, Office of Immigrant and Refugee Affairs	Member
Michael Wells	City of Seattle, Office of Economic Development	Member
Ollie Garret	Tabor100	Member
Tracy Taylor	Elliot Bay Books	Member
Marc Casale	Kinetic West	Facilitator
Merilee Teylan	Kinetic West	Facilitator

Place-based Investments

Erin Goodman	SODO Business Improvement Area	Chair
Ahi Martin McSweeney	The Greater Seattle Business Association	Member
Chris Levenson	Lake City Future First	Member
Daniel Lopic	The U District Partnership	Member
Jacqueline Gruber	Vulcan Real Estate	Member
James King	Central Area Community Development Association	Member
Keasa Jones	Uncle Eddie's Public House	Member
Kylie Rolf	Downtown Seattle Association	Member
Larry Wilmore	Rainier Beach Safeway	Member
Lauren Flemister	City of Seattle, Office of Planning & Community Development	Member
Lyle Bicknell	City of Seattle, Office of Planning & Community Development	Member
Matthew Richter	Cultural Space Agency	Member
Quynh Pham	Friends of Little Saigon	Member
Theresa Barreras	City of Seattle, Office of Economic Development	Member
Whitney Moore	West Seattle Chamber of Commerce	Member
Andres Mantilla	BDS Planning & Urban Design	Facilitator
Jacqueline Robinette	BDS Planning & Urban Design	Facilitator

Asset Ownership

Andrea Caupain	Byrd Barr Place	Chair
Bruce Brooks	Craft3	Member
Chuck Depew	National Development Council	Member
Dom Davis	Community Passageways	Member
Giulia Pasciuto	Puget Sound Sage	Member
Gregory Davis	Rainier Beach Action Coalition	Member
Heidi Hall	City of Seattle, Office of Economic Development	Member
Jamie Lee	Seattle Chinatown International District Preservation and Development Authority	Member
Michelle Merriweather	Urban League of Metropolitan Seattle	Member
W. Tali Hairston	Independent Consultant	Facilitator

Growing Businesses & Industries

Brian Surrat	Greater Seattle Partners	Co-Chair
Vaughn Taylor	Seattle Metropolitan Chamber of Commerce	Co-Chair
Jasmine Donovan	Dick's Drive-In	Member
Joe Sky-Tucker	Business Impact NW	Member
Kelly Fukai	Washington Technology Industry Association	Member
Marc Cummings	Life Sciences WA	Member
Mel Clarke	CleanTech Alliance	Member
Peter Fuerbringer	City of Seattle, Department of Construction & Inspections	Member
Preeti Shridhar	City of Seattle, Office of Economic Development	Member
Rico Quirindongo	City of Seattle, Office of Planning & Community Development	Member
Wil Tutol	UW Consulting & Business Development Center	Member
Daniel Li	Plus	Advisor
Joe Fugere	Tutta Bella	Advisor
Olga Sagan	Piroshky Piroshky	Advisor
Andy Ferrera	Kinetic West	Facilitator
Theresa Kouo	Kinetic West	Facilitator

Investment Alignment

Alex Rouse	City of Seattle, Office of Intergovernmental Relations	Member
Angela Jones	Bill & Melinda Gates Foundation	Member
Brad Whitehead	Independent Consultant	Member
Kailani DeVille	City of Seattle, Office of Economic Development	Member
Mary Jean Ryan	Independent Consultant	Member
Michael Brown	Seattle Foundation	Member
Michelle Nance	City of Seattle, Office of Economic Development	Member
Ryan Donahue	Independent Consultant	Facilitator
Marc Casale	Kinetic West	Facilitator
Merilee Teylan	Kinetic West	Facilitator

Consultants

Kinetic West LLC

Ryan Donahue, RM Donahue Consulting

BDS Planning & Urban Design

Brock Grubb, Principal, Clear Moon Consulting

W. Tali Hairston, Principal – Owner, Equitable Development LLC

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