



Policy Brief: Prosperity and Economic Development

King County's economy is comprised of many diverse industrial clusters - aerospace, information technology, maritime, life sciences, financial services, clean technology, transportation/logistics, and tourism. Our region is home to many internationally-recognized businesses – Fortune 500 companies whose innovations have created or completely changed the markets in which they work: Amazon.com, Boeing, Costco, Microsoft, Nordstrom, Paccar, Starbucks, and others. The success of these “Store Ones” has fostered further innovation, with clusters of dynamic economic activity forming around them. Our region's beauty, entrepreneurial spirit, and economic strength attract high-skilled people from around the world who seek to make this their home.

King County's economy is finally emerging from the Great Recession. King County's labor market peaked in 2008 when annual average total nonfarm employment exceeded 1.2 million with a low unemployment rate of 3.4 percent. The employment level hit bottom in 2010 with an unemployment rate of 9.6 percent. Since then, employment has consistently risen, recently reaching its pre-recession height. The economic recovery locally has been stronger than that in the rest of the nation: King County's unemployment rate dropped to 4.7 percent in December 2013, well below the national rate of 6.7 percent.

Challenges

Despite these signs of strength, King County's economy faces several challenges which must be addressed to ensure continued growth.

Inequity in Opportunity

Mirroring national and global trends, increasingly, many people and communities in King County are experiencing barriers to opportunity that inhibit their success and their potential to contribute to our economy. Even as local firms have continual need for

qualified and skilled workers, many local job seekers lack the necessary training and education to access these opportunities and improve their economic well-being. This inhibits economic growth in the region and results in companies recruiting workers from around the world, while people in our region fall behind. For more information on building equity in King County, [see our infographic](#), or read King County's [Equity and Social Justice Annual Report](#).

Infrastructure Needs

As the region has grown, investment in transportation infrastructure and public transit has not kept pace. This results in lost productivity due to long commute times, increased costs from inefficient freight mobility, and negative climate impacts. The expiration of a current funding mechanism for transit threatens 17 percent reductions in current service levels.

Need for Diversification

While few regions can claim so many globally-iconic firms, our region's economic success remains heavily reliant on aerospace and software, two sectors that face fierce international competition. Moreover, the region is comparatively lacking in a portfolio of mid-sized companies that form the backbone of a robust economy. Mid-size firms generally grow from local startups, and as such, maintain a strong commitment to community involvement and investment. In the biotechnology and biomedical sectors, insufficient local capital for growth and expansion results in startups unable to grow to midsize or gravitating to other areas of the country where capital is available.

Need for a Stronger Global Brand

While we are a hotbed of innovation and entrepreneurship, the region needs a stronger global brand to attract foreign investment and workers as well as realize the full potential of our companies to export their products and services.

Building Opportunity on a Strong Foundation of Success

In his first term in office, King County Executive Dow Constantine worked with business, labor, workforce, education and other governmental partners to forward an agenda for a shared and sustainable prosperity. With labor, workforce, and education partners, he launched efforts to provide more training and family-wage employment opportunities to veterans and other communities facing barriers. Under his watch, the County has completed or launched major investments in infrastructure and

transportation that will accommodate future growth and keep workers and freight moving. These investments include the new Brightwater wastewater treatment system, the new South Park Bridge, and reforms and funding that saved transit service from reductions that otherwise would have occurred in 2012. He formed the King County Aerospace Alliance to strengthen our region's global competitiveness through a collective commitment to high productivity and value, not low wages. And, one of his first initiatives as County Executive was to reform the County's procurement processes to promote government efficiency and provide more opportunities for small and minority contractors to compete.

The Executive is committed to strengthening these successful efforts on workforce development, infrastructure investments, multi-sectoral alliances and reform in county business practices in his second term, with a particular focus on how we sustainably expand our economy and extend the reach of prosperity to all our communities in King County.

Workforce Development

The most important investments in our region's economic development are investments in its greatest asset: the people of King County. The Executive has established a bold agenda to expand the opportunity for everyone in King County to thrive and contribute to our region's prosperity.

Investing in Our Youngest Residents

The children born today should be the entrepreneurs and workforce of our sustainable future. Unfortunately, only 79.4 percent of our youth graduate from high school on time. Moreover, unacceptably large disparities in graduation rates exist by both race/ethnicity and place in King County. For example, only 55% of Native American, 63% of Hispanic/Latino, and 64.9 percent of African American students graduate high school on time. At the same time, Washington State has 20,000 high-wage Science/Technology/Engineering/Math (STEM)-jobs that have gone unfilled for three months or more due to lack of qualified applicants. We cannot sustain our regional prosperity if we do not set our youngest residents on a path of opportunity and career success at the earliest stage in their lives.

Veterans Training and Employment

In 2013, the Executive initiated a two-year, \$1.85 million Aerospace and Manufacturing Pathways Program to help veterans leverage their military skills into family-wage

aerospace and manufacturing jobs. In partnership with community colleges and training organizations, this program has helped 765 veterans identify employment opportunities, enrolled 236 veterans in aerospace/manufacturing training programs, and resulted in 128 veterans employed at an average wage of \$18.66 per hour plus benefits. The need for this program will continue as more veterans are discharged from the military in the next few years. Through the Regional Veterans Initiative, the Executive will continue to seek pathways for veterans to utilize their skills here at home.

Construction Apprenticeships

King County's apprenticeship program requires the use of apprentices on appropriate public works projects. This program is intended to help provide a pipeline of workers to the construction industry. From 2010 to 2012, the program resulted in 1,100 apprentices employed on County public works projects at an average wage rate of \$28.99 plus benefits.

The County also provides funding to the Office of Port Jobs to recruit low-income residents from the White Center and Skyway unincorporated communities into apprenticeship opportunities. During 2013, 27 of these residents were enrolled in pre-apprentice programs and 15 were placed in apprenticeships paying an average wage of \$20.14 plus benefits.

The region's current private and public construction boom is now straining the local workforce. This makes the county's emphasis on apprenticeship all the more relevant, and Executive will continue to seek every opportunity to support and expand the use of apprentices.

Public Sector Careers

King County's workforce is aging, and similar to private sector employers, the County is experiencing difficulty recruiting younger, skilled workers. In concert with the Workforce Development Council of Seattle-King County and several public entities, the Executive is currently analyzing how to better market the role of the public sector, job opportunities available, skills needed, and the rewards of public service. The County seeks to be an employer who can compete with the most dynamic employers for talent and ensure that our workforce reflects the diversity of the communities we serve. Specific goals are to simplify the hiring process so that it attracts more candidates and is open to all populations throughout the county, and create more employment opportunities for veterans and youth. A final report and action plan will be completed by the end of June 2014.

Sustainable Infrastructure

Transportation

Efficient transportation for workers, raw materials, and finished goods is critical to the health of our economy. Congestion on our roads can be a disincentive to firms' decisions to invest and locate in King County. Congestion also negatively impacts our environment through greater greenhouse gas emissions. Public transit is vital to reducing these costs and impacts.

During his first term, the Executive led the way for replacement of the South Park Bridge, critical to freight mobility in the Duwamish corridor. With the recession greatly reducing funds for King County's transit system, he first found cost-reducing efficiencies within the system and then partnered with the County Council on the creation of a two-year Congestion Reduction Charge to sustain this system in from mid-2012 through mid-2014.

With the Congestion Reduction Charge expiring this year, the Executive has developed a plan for a countywide transportation benefit district which, with voter approval, would provide funds to maintain transit service at current levels and provide some funding for critical roads maintenance needs.

The Executive will continue to steadfastly advocate for expanding transit and transportation infrastructure that supports our growing economy, and equitable mechanisms to fund these.

Lower Duwamish River Cleanup

The Duwamish River has played a central role in the development of King County's economy since the late 1800s. The Lower Duwamish industrial area is a regional economic engine with more than 100,000 jobs and an annual economic output of \$13.5 billion. It is home to Boeing's most productive factories and supports the growth of our Port and international trade cluster, providing good family-wage jobs.

Over the years, industrial and municipal waste has polluted the river to the extent that the US Environmental Protection Agency (EPA) has classified it as Superfund pollution site. The remaining contamination is a disincentive to industrial growth and development and also impacts the communities who live near or depend upon the river for their well being. Cleanup of this waterway is therefore essential to maintaining the industrial base and encouraging future investment, development, and equitable growth.

During his first term, the Executive worked in partnership with Boeing, the Port of Seattle, and the City of Seattle to make significant progress on early clean-up actions.

The EPA is now finalizing the overall clean-up plan. The Executive will continue to work in partnership with other governments, businesses, and the community to move ahead with a clean-up plan that reduces contamination, restores habitat, and bring certainty to local businesses and residents as quickly as possible. King County will also continue working with communities around the Lower Duwamish River to support vibrant and healthy neighborhoods. For more information about this effort, please visit the [Our Duwamish website](#).

Resilient King County

In September, 2013 the Executive launched the Resilient King County initiative – a countywide, two-year planning process to develop a long-term recovery strategy following a major earthquake or other catastrophe. Representatives from the corporate and nonprofit sectors are participating in this effort to ensure our region can recover in the aftermath of a disaster. During his second term, the Executive will continue to lead this effort to plan for rebuilding infrastructure systems, providing long-term housing, restoring health and social services, restoring natural and cultural resources, and promoting long-term economic recovery and growth. For further information about this initiative please visit the [Resilient King County website](#).

Strong Partnerships and Alliances

King County Aerospace Alliance

Aerospace is at the heart of King County's economy. In 2011, the Executive established the King County Aerospace Alliance to unite local jurisdictions, business, labor, and economic development organizations to promote the long-term growth and global competitiveness of this industry. In his second term, the Executive will work to strengthen this industrial cluster by initiating outreach to increase business and trade relationships with metropolitan aerospace clusters, identifying strategic opportunities to support aerospace at the King County International Airport, and exploring a regional partnership with other local airports in order to use maximize use of these assets.

King County Climate Alliance

Replicating the model of the Aerospace Alliance, the Executive will convene a Climate Alliance of nonprofits, business and academia to help King County become a nationally-recognized center for clean technology. Through this Alliance, he will also seek coordinated and accountable actions to reduce our region's greenhouse gas emissions. Greater commitment to investment in state-of-the-art pollution prevention, energy

efficiency, and renewable energy technologies will lower costs, create good-paying jobs, expand our export opportunities, and help attract innovative companies in the clean technology cluster to our region. A stronger clean technology cluster will further diversify our regional economy.

Regional Economic Development Alignment

Central Puget Sound has adopted a Regional Economic Strategy and our region has several economic development agencies that successfully address individual components of this strategy. In his second term, the Executive will convene partner agencies in order to foster coordination and collective strategies, particularly with regard to regional interest in promoting exports, foreign direct investment, venture capital, and developing a global brand for our region. In this context, he will promote a focus on diversification, sustainability and equity.

Reform in County Business Practices

Procurement Reform

The Executive initiated a Procurement Reform Initiative in March 2010 to provide a more efficient and equitable environment for firms contracting to do business with King County. The Initiative's two goals are to increase efficiency and expand opportunities for small business to compete. As a result, processing times for contracts have been cut in half and construction contract awards to small contractors and suppliers have increased by 90 percent. The [Procurement Reform Progress Report](#) outlines the most recent results of this initiative.

In his second term, the Executive will continue to focus on procurement reform to increase efficiency, sustainability of county operations, and expand opportunity for small contractors. This will include:

- Continued review of cycle time targets for design, construction and other goods/services contracts and exploring ways to expedite contracts.
- Seeking partnerships to expand sustainable purchasing and make it more affordable. The County became a founding member of the Sustainable Purchasing Leadership Council in 2013 and will continue its leadership role in 2014. This is a new national non-profit organization that is focused on developing standards, tools, and best practices for sustainable purchasing.

- Growing the county’s innovative Regional Small Contractors and Suppliers Program to provide greater public contracting opportunities for small businesses. This one-stop, single application process enables eligible small businesses to participate in small business contracting programs offered by several public entities. The Port of Seattle and Sound Transit joined this program as regional partners in 2011 and 2012, respectively. The Executive recently sent legislation to the King County Council to add Seattle Community Colleges as the newest partner. He will continue working to add partners from other public entities within King County and from neighboring counties. The number of certified small firms has grown from 1,100 in 2010 to 1,700 currently and is expected to grow by 200 firms annually given current partners.
- Partnering with the U.S. Department of Transportation (USDOT) and the State of Washington on a new federal small business program requiring a specific and tangible level of small business participation on all USDOT-funded contracts. The new program provides an innovative opportunity to use small firms in greater numbers for a multitude of transportation-related goods and services that include green energy, computing and much more.
- Expanding the Small Business Accelerator program and Job Order Contracts. The Small Business Accelerator allows like-sized small contractors to compete among themselves for designated technical services contracts. Job Order Contracts use minority and women firms as subcontractors for a variety of small-scale public works projects. The County will expand Job Order Contracts from \$8 million to \$12 million.

Permitting Reform

Businesses continually express concern that the current federal, state, and local regulatory environment does not provide the flexibility needed to support, encourage, and keep pace with rapid business innovation. This can serve as a disincentive to companies considering locating or expanding in King County.

During his first term, the Executive established a high-level, single point-of-contact for all development permit applications from Boeing and the other 149 tenants at the King County International Airport. The contact coordinates schedules and processes and has the authority to assign staff to meet commitments. The Executive has also increased accountability for all development permits and their associated timelines by having individual Product Line Managers responsible for five groupings of permits. And, the Executive is committed to continual examination of the County’s permit practices and will seek partnerships to bring more uniformity and outcome-based approaches across the region.

Social Responsible Banking

The County seeks competitive proposals from banks every five years for standard banking and depository contracted services. In 2014, the Executive will ask the King County Council to approve new specifications for the banking services contract that will assign higher scores to proposals from banks that demonstrate innovative practices to serve the needs of disadvantaged residents. The Executive will also partner with the Council on a socially responsible banking ordinance that will further demonstrate the County's commitment to equity and social justice practices in its financial services contracts.

Conclusion

As King County continues to emerge from the recession, our regional economy is stronger than most nationwide. The Executive fully understands, however, that maintaining this strength requires an ever-vigilant and passionate commitment to continued growth, global competitiveness, and equity. During his second term, he will advocate for investments in human, built, and natural infrastructure as well as for a business environment that encourages and supports innovation, creativity, and entrepreneurship.