



RETAINING & GROWING MIDDLE-WAGE JOBS IN SEATTLE'S BASIC INDUSTRIES:

Considerations for the City of Seattle & Other Localities

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I. EXECUTIVE SUMMARY

Unlike many American cities today, Seattle maintains a strong industrial base within its city limits. Seattle's basic industries, those sectors primarily engaged in industrial and maritime activities that involve leading exports from the region and providing the region with industrial services and supplies, were a driving force in Seattle's earliest days and are still a central component of the region's economic engine today. These sectors help provide the Seattle region with a diverse economy, which makes the region's economy stronger and more resilient, and provide tens of thousands of well-paying, accessible career opportunities.

In 2014, Seattle's basic industries, which include the construction and resources, wholesale trade, transportation, utilities, and manufacturing industries, produced over 82,000 jobs, or 15 percent of the jobs in Seattle. Jobs in basic industries pay \$66,758 on average. Of these 80,000 jobs, almost half paid on average \$17.00 an hour or above and required less than a Bachelor's Degree.¹ Seattle's industrial base is, as a result, a large producer of middle-wage jobs for the region and an important part of maintaining a strong middle-class.

Over the last few decades, Seattle’s basic industries have faced many challenges. Businesses on industrial lands have experienced rising rents and pressures as residential and commercial developers and businesses have encroached on their properties and attempted to rezone industrial lands for other purposes. Transportation challenges and congestion in Seattle and the region have impacted the efficient movement of goods and products. Some businesses have found difficulty in finding skilled workers and some have experienced issues with the city’s policies and regulatory environment.

Recognizing the importance of Seattle’s basic industries to the economy and as an important source of good jobs, political, government, business and community leaders have been proactive in their efforts to retain Seattle’s basic industries. The pressures to rezone or repurpose industrial lands for residential and commercial pressures have been one of the biggest challenge industrial advocates have faced. In response to these challenges, industrial advocates and Seattle leaders were able to strengthen industrial land use protections in Seattle’s Comprehensive Plan and land use code. Seattle also established Manufacturing and Industrial Centers (MICs) that help preserve industrial lands for industrial uses.

The efforts of industrial stakeholders in Seattle have not led to a complete victory in retaining and growing the city’s industrial base. In fact, many significant challenges around land use, transportation, workforce development, and industry regulations remain, and some in the industrial business community remain dissatisfied with the City of Seattle’s policies. Seattle’s loss of industrial jobs, however, has subsided and basic industries are once again adding jobs to the economy, at least in part because of the priority advocates and some Seattle leaders have placed on supporting these sectors of the economy.

Cities such as Chicago, San Francisco, and many others have faced similar challenges to those of Seattle in maintaining an industrial base and industrial employment. The most enduring lesson from



the experiences of these cities is that maintaining a strong industrial base is an economic choice that cities and their leaders must make concerning what type of economy and jobs they want. Industrial retention, however, is also an ongoing challenge without a permanent solution. The pressures and challenges industrial businesses face evolve over time as economies, cities, and industries change. Thus, few easy solutions to retaining an industrial base exist and industrial retention strategies must adapt to new challenges as they occur.

Nonetheless, many important lessons from Seattle and other cities can be drawn that can inform the development of an industrial retention strategy.

These lessons include:

- **Industrial retention must be an ongoing and visible priority from the highest levels of local government.**
- **Retaining a strong industrial base requires a comprehensive plan that includes strategies around land use, workforce development, transportation, government regulations and more.**
- **Forums and relationships that promote regular dialogue between industrial businesses and local government are critical.**
- **Research into the challenges and opportunities of industrial businesses must be ongoing.**
- **A strong and diverse coalition that includes representatives of government, business, workers, and the community must be built and continuously expanded.**

Even with the aforementioned elements in place, industrial retention is not a certainty in any community. This research concludes with a cautionary note that the future retention of Seattle's industrial base is not guaranteed. Basic industries' share of employment has already dropped significantly in the last decade, and the number of basic industry jobs in Seattle's Manufacturing Industrial Centers is also down over the last decade. The recession was one factor driving these declines, but some other long-term trends are also worrisome. Between 1995 and 2004, manufacturing jobs declined by over 25 percent in Seattle.²

BUSINESSES IN SEATTLE'S INDUSTRIAL BASE

**Over 4,000
industrial establishments**

**Generated \$11.5 billion in
taxable income in 2012**

The erosion of an industrial base does not happen overnight, but tends to take place over several decades. In some cities, this slow erosion was ignored, not seen as a priority due to its slow pace, or generally accepted. Some cities recognized the decline, but failed in their attempts to maintain these sectors while others made the choice to prioritize other sectors of their economies. While Seattle's industrial base is fortunately on the uptick, city leaders, industrial stakeholders and advocates must not let their guard down.

Now is the time for Seattle to build on the industrial base's momentum. Global and domestic competition for these industries and jobs will grow in the years ahead, and the basic industries' workforce is aging. To provide a stronger workforce to industrial businesses, policymakers, funders, and workforce development programs should seek to align resources, find opportunities to support and expand apprenticeship programs, encourage the development of STEM skills and industrial career exploration in the K-12 system, and increase engagement between community colleges and industrial businesses. Larger investments in public transportation that help ease congestion, and help industrial workers get to their jobs, are needed, as is additional support for strategies such as Truck Spot Improvement Projects that help make small, but important improvements to freight mobility. Technical assistance to industrial businesses that helps them navigate the regulatory environment and access additional support as they launch and grow must continue to expand. Dialogue between the industrial business community and the City of Seattle should also deepen in the face of new challenges and opportunities.

Perhaps most of all, industrial retention will require a larger and broader coalition. Big land use fights will arrive at Seattle's doorstep once again. Industrial advocates in Seattle, whether they reside within public or private sector, must broaden their coalition and enhance their efforts to communicate the value and importance of industrial businesses and industrial jobs to the community not only in the years ahead, but in the decades to come if basic industries are to remain an important part of the economy.