

**CREATIVE
ECONOMY
STRATEGY** ★ ★ ★
FOR THE
DISTRICT
OF COLUMBIA



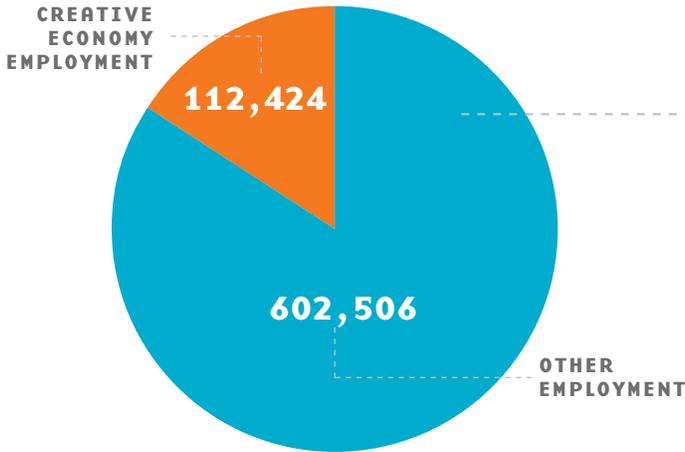


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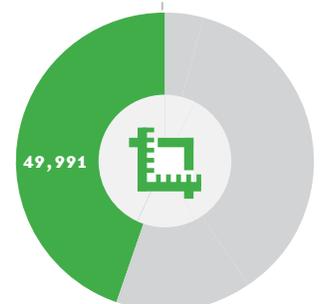
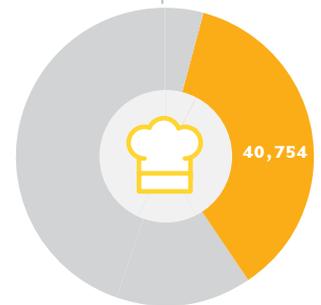
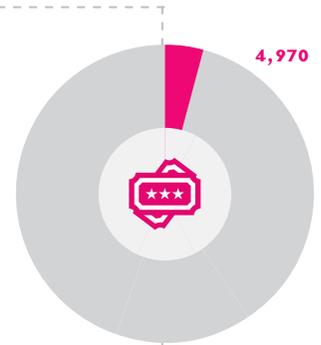
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DC CREATIVE ECO

TOTAL PRIVATE SECTOR EMPLOYMENT: 714,930



112,424
TOTAL EMPLOYMENT
(RESIDENT & NONRESIDENT)

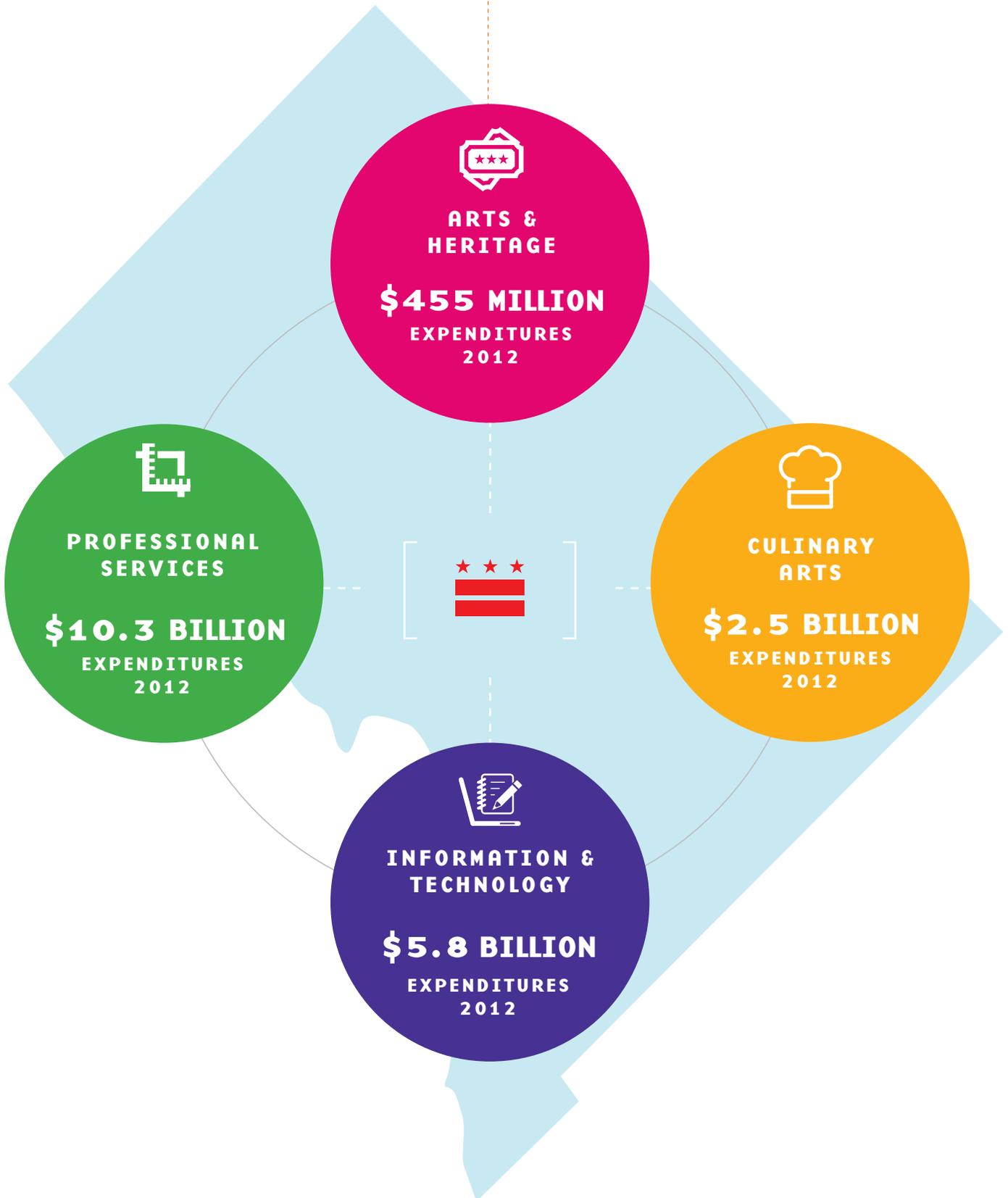


DC PRIVATE SECTOR JOB GROWTH BETWEEN 2001-2012

37%

INCREASE IN AVERAGE WAGES BETWEEN 2001-2012

NOMY FAST FACTS



EXECUTIVE SUMMARY



A



WASHINGTON, DC:



A CREATIVE CAPITAL

Over the past decade, the District of Columbia's economy has transformed. Struggling neighborhoods have become centers of economic opportunity. The unemployed are finding purposeful work, and families are drawn here for new jobs and brighter prospects. A local community often eclipsed by the federal government has come out from the shadows to boldly claim its place as a world class city.

Traditional anchors, such as the federal government, shrank in size while the technology and culinary sectors expanded rapidly – and are continuing to do so. The District has become a place where creative capital carries as much value as physical capital. As a result, today Washington, DC, is a crossroads for global business, technology and culture – an innovation hub for startups, corporations and nonprofit organizations.

The District's economy is strong. It is gaining, on average, 1,000 new residents – and 1,000 new jobs – every month. Its unemployment rate has fallen from 11.3 percent in September 2011 to 7.5 percent in April 2014. Its population stands at a robust 646,449, and a record-breaking 18.2 million tourists visited the District in 2013.

At the heart of this renaissance is a powerful local commitment to creativity – in the way policymakers have re-envisioned the District, in how local companies have developed their business models and expanded their operations, in how employers have redesigned jobs for a new age and in how the city defines itself. The federal capital, yes, but much more.

The Creative Economy – the segment of the economy driven by human innovation and creativity – is critical to the District's success. Collectively, the Creative Economy in the District accounts for more than 112,400 private sector

112,424 = 16%
PRIVATE SECTOR JOBS OF DISTRICT EMPLOYMENT

\$14.1 BILLION
TO DISTRICT GROSS STATE PRODUCT

employment positions, which is some 16 percent of all District employment. By comparison, the Creative Economy makes up 13 percent of employment nationally. In dollar terms, creative businesses contribute \$14.1 billion to the District Gross State Product (GSP) and an estimated \$200 million to the District's tax base annually.

In a world where economic competitiveness is increasingly driven by knowledge and innovation, the District's place as a leader in the creative industries provides an incredible opportunity. To maintain its positive trajectory for economic expansion, the District must nurture and enlarge its significant Creative Economy and leverage its notable creative assets, including its:

- Knowledge and information-generating institutions and companies;
- Reputation as a magnet for young talent;
- Unparalleled array of national and local cultural institutions;
- Educational heft, including more than 100,000 college and university students, 23 universities and several hundred government and private sector research institutions; and
- Technology sector and digital media infrastructure.

By taking advantage of Washington’s numerous creative assets, the District of Columbia government can solidify advances already in place while taking a path toward future economic growth.

DEFINING THE CREATIVE ECONOMY

The first step in devising the *Creative Economy Strategy for the District of Columbia* is defining the term “Creative Economy.” The Creative Economy is generally described as economic activity that leverages creativity, innovation and knowledge to drive growth. In a Creative Economy, organizations are agile, continually offering new value to customers through innovations in products and delivery methods.

Worldwide, many cities are experiencing the effects of deindustrialization and economic decline. To counter the trends, communities have looked to grow their Creative Economies, focusing local efforts on cultural, design and digital economic regeneration. This fundamental shift from an Industrial Economy to a Creative Economy affects the production and distribution of products and services and presents numerous opportunities for policymakers looking to counter the ill effects of the recession and of deindustrialization through targeted initiatives (*Exhibit A-1*).

These culture-infused initiatives are assimilated into local economic development planning in distinct ways, and largely under the radar, in many communities. By exploring the juncture between a sustainable Creative Economy and existing economic drivers, many cities are looking for – and finding – strategies on how best to approach urban regeneration and urban asset development.

The District of Columbia is not suffering from deindustrialization as it has a limited industrial tradition, but the District is in

a risky economic situation similar to so many industrialized cities. The District’s economy is based heavily on a single economic driver, the federal government, making the city reliant on the budgeting of an increasingly divided Congress. Actively expanding the District’s Creative Economy and reducing dependence on the federal government will help protect the city’s residents and workers from shifts in federal funding priorities.

In defining the Creative Economy, the report has looked broadly at the spectrum of creative organizations and enterprises and their diverse products and services. Despite their differences, Creative Economy organizations are united in their reliance on a common set of resources, assets and market trends to fuel growth. These include:

- Human capital;
- Digital infrastructure, especially new digital technologies;
- Research and the application of R&D to support sector growth;
- The convergence of technology and non-technology sectors;
- Intellectual property rights;
- Flexible and disruptive business models, including new ways to fund and operate businesses; and
- Collaborative networks and spaces that allow for partnerships with other industries to improve productivity and transform methods or behavior.

There was once a great debate around how to choose the industries that shape the Creative Economy. Most of those disputes have been resolved. Today the sectors most commonly described as creative industries are the arts, broadcast media, culture, digital technology, design, social media and culinary arts. These industries are market-oriented, but they

A-1:
THE SHIFT FROM THE INDUSTRIAL ECONOMY TO THE CREATIVE ECONOMY

	INDUSTRIAL ECONOMY	CREATIVE ECONOMY
CORE IDEAS	<ul style="list-style-type: none"> • Tangible goods • Best practices • Standardization 	<ul style="list-style-type: none"> • Intangible services • Emergent practices • Transparency
TECHNOLOGY	Factories and mass production	Internet and mass customization
ORGANIZATIONAL MODE	Centralized and fixed	Decentralized and dynamic
KNOWLEDGE DISTRIBUTION	Traditional schools and paths to learning	Networked professional communities
BUSINESS IDEOLOGY	Scientific management	Managing in complexity

Source(s): Harold Jarche, jarche.com

also include nonprofit organizations that have as their goal the creation, production and distribution of creative goods and services.

Although most scholars have aligned on creative market segments, these segments may still adapt as changes in technologies, culture and the economy spark new economic activities. For example, a few short years ago, the Creative Economy might not have included the now vibrant fields of digital media and video gaming. Today, they are essential components.

The *Creative Economy Strategy* encompasses four core sectors that disproportionately drive innovation in the District: Arts & Heritage, Culinary Arts, Information & Technology and Professional Services. Beneath every overarching sector, there is a detailed outline of the subsectors and professions that shape it. Data and trends within each sector and subsector are analyzed at length in Section B of this report (*Exhibit A-2*).

A-2:
CREATIVE ECONOMY PROFESSIONS BASED ON THE NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS)

SECTORS	 ARTS & HERITAGE	 INFORMATION & TECHNOLOGY
Subsectors	<ul style="list-style-type: none"> • Agents & managers • Independent artists, writers and performers • Museums • Performing arts companies • Promoters • Spectator Sports • Zoos and Gardens 	<ul style="list-style-type: none"> • Broadcasting industries • Data & telecommunications services • Internet publishing, broadcasting & portals • Libraries & archives • News syndicates • Physical media publishing • Recording industries • Software publishing
Occupations	Athletes, Marketers, Events/Sponsors, Directors, Designers, Producers, Technicians, Travel Agents, Tour Directors, Dancers, Singers, Actors, Painters, Sculptors, Writers, Poets, Fine Artists, Editors, Historians, Guides, Curators, Researchers, Zoologists, Botanists	Art Directors, Broadcast Technicians, Camera Operators, Creative Services Directors, Directors, Sound Engineers, Bloggers, Producers, Directors of Photography, Media Buyers, Film Editors, Motion Picture Projectionists, Audiovisual Equipment Operators, Photographers, Production Assistants, Gaffers, Foley Artists, Animators, Editors, Reporters, Videographers, Website Producers

SECTORS	 CULINARY ARTS	 PROFESSIONAL SERVICES
Subsectors	<ul style="list-style-type: none"> • Caterers • Drinking places • Food service contractors • Mobile food services • Restaurants 	<ul style="list-style-type: none"> • Architects, engineers and related • Computer systems design and related • Fashion • Graphic design services • Interior design • Marketing, advertising, PR & related • Market research & polling • Scientific research & development services
Occupations	Restauranteurs, Chefs, Cooks, Servers, Bartenders, Dishwashers, Hosts, Caterers	Architects, Engineers, Interior Designers, Graphic Designers, Art Directors, Writers, Editors, Models, Fashion Designers, Jewelry Makers, Photographers, Ad Buyers, Strategists, Bloggers, Researchers, Website Producers, Game Designers, Software Developers, Software Designers

A SCALED CREATIVE WORKFORCE

Like most cities, Washington's Creative Economy workforce ranges broadly from the self-employed to multinational corporations with hundreds of employees. There were nearly 7,500 creative enterprises in the District in 2011, according to the U.S. Census Bureau's County Business Pattern 2011 survey, the latest data available. The largest number of establishments was in the Culinary Arts sector, followed by Professional Services, Information & Technology and Arts & Heritage sectors.

The trend in business formation has always been to go big, and the District is no different. Large corporations find the District an attractive prospect with its proximity to power, its world-class amenities and its sophisticated workforce. Companies such as CBS Radio and Microsoft established offices recently in the District, bringing with them substantial financial and workforce commitments.

Despite this trend, most creative industries are heavily populated with freelance workers, micro-enterprises and small businesses, and for good reason. Smaller businesses and organizations are more nimble and flexible; they can respond swiftly to opportunities and pivot with innovative tactics and processes. Nearly half of Creative Economy businesses in the District have between one and four employees, according to the Census Bureau, and two-thirds of creative DC businesses have fewer than 10 employees. In fact, only 3 percent of Creative Economy companies in the District have 100 or more employees.

RIDING THE TRENDS

The Creative Economy is a vital force in Washington's economic progress today and in the future. It has already contributed to prosperity by drawing skilled workers and cutting-edge companies to the District. Global, national and local trends have further catalyzed the District's creative competitive edge.

DIGITAL MEDIA

Digital media are rapidly transforming how creative products reach the marketplace and how consumers access and consume those products. Today technology and knowledge come together in dynamic ways, opening the door for individuals and enterprises to launch new industries and enter new markets. This convergence also enables cities that are not traditionally associated with creative or technological dominance to compete globally.

In recent years, the District has made inroads into the digital media ecosystem through a coordinated campaign to transform the nation's capital into a hub for new technology companies. The campaign, coupled with financial incentives for tech companies based in the District, was a branding effort aimed at increasing national recognition of the District's growing tech sector. The District's efforts have proven remarkably successful and, in 2013, *Forbes* named the District the number one new tech hot spot. Today, 989 technology companies call the District home.

STARTUP CULTURE

Startup culture, both in the United States and internationally, has exploded, signaling a new era in business development. Startups are in fashion because they create a path to business opportunity and economic independence. Once a refuge for a few individuals seeking opportunity during challenging economic periods, the ranks of entrepreneurs are now leaving steady jobs to start businesses. No longer are individual entrepreneurs operating on the edge of society. Their achievements are now integral to the success of entire markets and cities.

The District has put out a welcome mat for the startup community, from micro-enterprises with a single entrepreneur at the helm to up-and-coming companies on the verge of an IPO. By building a culture of entrepreneurship, the District clears the path for startups from concept to company. The District's efforts in this space have already been recognized. The District was ranked as the top spot for attracting entrepreneurial founders of companies in 2012 by the Ewing Marion Kauffman Foundation.

Entrepreneurship does not begin and end in the private sector, however. The District has worked to improve and modernize government services and, in doing so, has opened new opportunities for technical assistance and organizational guidance directed at the nonprofit sector, including the District's vibrant arts and cultural organizations, which remain leaders in innovation globally.

CHANGING DEMOGRAPHICS

The research of social scientist Richard Florida has served as the trigger for much of the thinking nationally and internationally around the Creative Economy. Best known as an authority on the concept of the creative class and its implications for urban regeneration, Florida argues that cities garner longer-term prosperity if they attract and retain high-quality talent within creative industries, the so-called creative class.

The District's growth over the last decade has transformed its demographics and the composition of its talent pool. Much of the District's population expansion has been fueled by an influx of Millennials – individuals 18 to 34 – who now make up 35 percent of the District's population (compared to 23 percent nationally), according to the Urban Institute.

Millennials are the most highly educated and ethnically diverse generation in U.S. history. As Millennials move to the District, they bring disposable income to support a vibrant arts scene, openness to diversity and support for the creation of social and professional networks. These qualities, among others, make this demographic the basis for the robust creative class Florida describes, one that supports the labor demands of the District's growing Creative Economy.

The increasing importance of digital media, the startup ethos and shifting demographics serve as catalysts for an expanding Creative Economy in the District, providing local policymakers and stakeholders with a platform to leverage innovation and growth.

A CREATIVE STRATEGY FOR THE DISTRICT'S ECONOMY

Aware of the importance of the Creative Economy for economic development, the District government formed a team of internal and external stakeholders to analyze the District's Creative Economy and identify the best path forward.

Over the course of eight months, this team studied how best to stimulate the Creative Economy, with a focus on private sector economic development, startup innovation and tools for fostering entrepreneurial thinking in the arts community. The result of this effort is the *Creative Economy Strategy for the District of Columbia*. Its ultimate goal is practical: to develop a concrete set of initiatives for building and sustaining a powerful Creative Economy that will increase jobs, boost tax revenues and advance the quality of life for District citizens.

After collecting recommendations from a broad group of stakeholders across the creative industries, the team used a rigorous process to fashion three bold visions and the strategies that make those visions possible:

1. Become a national hub for creative startups and entrepreneurs

- By improving access to affordable space and resources
- By making District bureaucracy friendlier for small enterprises and organizations

PROJECT METHODOLOGY

A SECTOR-LED APPROACH

Under the direction of the Office of the Deputy Mayor for Planning and Economic Development, the *Creative Economy Strategy for the District of Columbia* launched in fall 2013 with a focus on increasing revenue and employment in the District's Creative Economy.

An executive committee led by Deputy Mayor Victor Hoskins guided the effort. The executive committee designed the strategic planning process, identified critical stakeholders and created an overall project timeline. This included mapping the major phases of the project (planning, training, quantitative analysis, interviews, data synthesis, economic modeling and report preparation) and a deadline for delivery of a final report to the Mayor. Throughout the project, the executive committee held weekly meetings to track progress and plan next steps.

Much of the work was carried out in the fall and winter by an elite team of graduate business students who conducted primary research and interviews with stakeholders. The seven MBA candidates on the team came from American University, Georgetown University, The George Washington University and Howard University. Quantitative analysis of the Creative Economy sectors was followed by in-depth interviews and focus groups with private, nonprofit and public sector leaders. A critical component of the process was the Economic Impact Model (EIM), a business analysis tool that allows the District to evaluate and prioritize competing initiatives. The model incorporates a cost-benefit analysis that compares projected public revenues to the anticipated public service costs resulting from a project.

In addition, a Strategy Advisory Group (SAG) of private, nonprofit and public sector leaders was convened to assist the executive committee and project staff. SAG members met to provide input at pivotal milestones, were interviewed by the project team and provided expertise and additional industry contacts.

The teams' findings and initiatives were compiled and forwarded to the Deputy Mayor for consideration. A final draft plan was then reviewed by the Mayor and officially announced as the *Creative Economy Strategy*. The project methodology and governance is further explained in the Appendix.

- By increasing funding to bring innovative ideas to life

2. Become a magnet for creative corporations

- By cultivating a workforce that is attractive to corporations
- By incentivizing creative corporations to locate in the District
- By promoting the District’s Creative Economy to attract new businesses

3. Foster a resilient, entrepreneurial local arts community

- By assisting local arts institutions in developing sustainable business models
- By mobilizing District resources to support arts and cultural organizations
- By building connections across creative organizations, businesses and universities

These visions and strategies helped set priorities for the Creative Economy initiatives and identified guiding objectives for implementation of the strategy by District leaders.

By implementing this Creative Economy Strategy, we will grow the District’s Creative Economy by 10,000 jobs over the next three years, with the expansion of existing businesses, the appearance of new startups and the strengthening of our critical arts organizations.

The District is and will continue to be a premier destination for creative talent and entrepreneurial enterprises, a magnet for major creative corporations and a home for innovative and successful cultural institutions.

By expanding the Creative Economy, the District will continue to reduce its dependence on the federal government and focus growth on the creative clusters. Chief among its goals is building a more resilient District economy, creating greater fiscal stability and lowering barriers to entry for companies looking to locate in the District. The increased revenues that come from expanding the Creative Economy will add to the District’s tax base and its ability to invest in neighborhoods and revitalization.

INTEGRATED STRATEGY

BUILDING ON A STRONG FOUNDATION

The *Creative Economy Strategy for the District of Columbia* stands on its own, but it also builds on earlier strategic and innovative government reports that have guided the District’s work.

The *Creative DC Action Agenda*, a report released in 2010, first quantified and contextualized the Creative Economy of the District, defining and sizing relevant industries. This report sought to leverage creative industries to revitalize underserved neighborhoods, further a “sense of place” and cultivate new work opportunities to reduce unemployment, among other goals. Although the *Creative Economy Strategy* is solely focused on creating jobs and increasing tax revenue, the Creative Action Agenda established a critical context and a strong foundation.



With the *Creative Action Agenda* setting the stage, the *Five-Year Economic Development Strategy for the District of Columbia* established an analytical framework that guided the strategic-planning process. *The Five-Year Economic Development Strategy* is the District’s first tactical roadmap for sustained,



sector-driven economic development. This plan contains visions, goals and initiatives designed to create 100,000 jobs and generate \$1 billion in new tax revenue for the District. As an outgrowth of the *Five-Year Strategy*, the *Creative Economy Strategy* will contribute to the dual goals of job creation and tax revenue generation, with a specific focus on the creative sectors.

Finally, the initiatives in the *Creative Economy Strategy* borrow from the work of two government panels, the **DC Tax Revision Commission** and the **Business Regulatory Reform Task Force**. The District’s tax code and its regulations impact the overall business climate, including businesses that operate in the creative sectors.



Thus, in crafting the *Creative Economy Strategy*, the District government has leveraged the expertise of these groups by directly adopting a number of their recommendations.

As the District government moves from planning to implementation, the *Creative Economy Strategy* will represent an integrated effort to advance economic development while also fulfilling the vision of past milestone reports and studies.

STRATEGIC INITIATIVES

The initiatives outlined in the *Creative Economy Strategy* come out of the analyses of four core Creative Economy sectors and interviews with 133 stakeholders. The interviews with DC’s civic, business, cultural and institutional leaders form the foundation for the strategy.

While the specific challenges and opportunities vary from sector to sector, the interview findings reinforced the need for economic diversification, job growth, technical assistance, affordable space and new investment. They pointed to overarching themes that shape the initiatives. These initiatives reflect the stakeholder interviews, as well as the research. Background research on the four core sectors and more detailed explanations of each finding are found in the sector analyses in Section B.

GOING FORWARD

The District’s links to the federal government, its ability to draw a diverse and highly educated workforce and its revitalized neighborhoods allow it to rise above many peer cities with similarly sized populations – and even larger ones – as a destination for businesses, nonprofits and individuals driven by creativity and innovation.

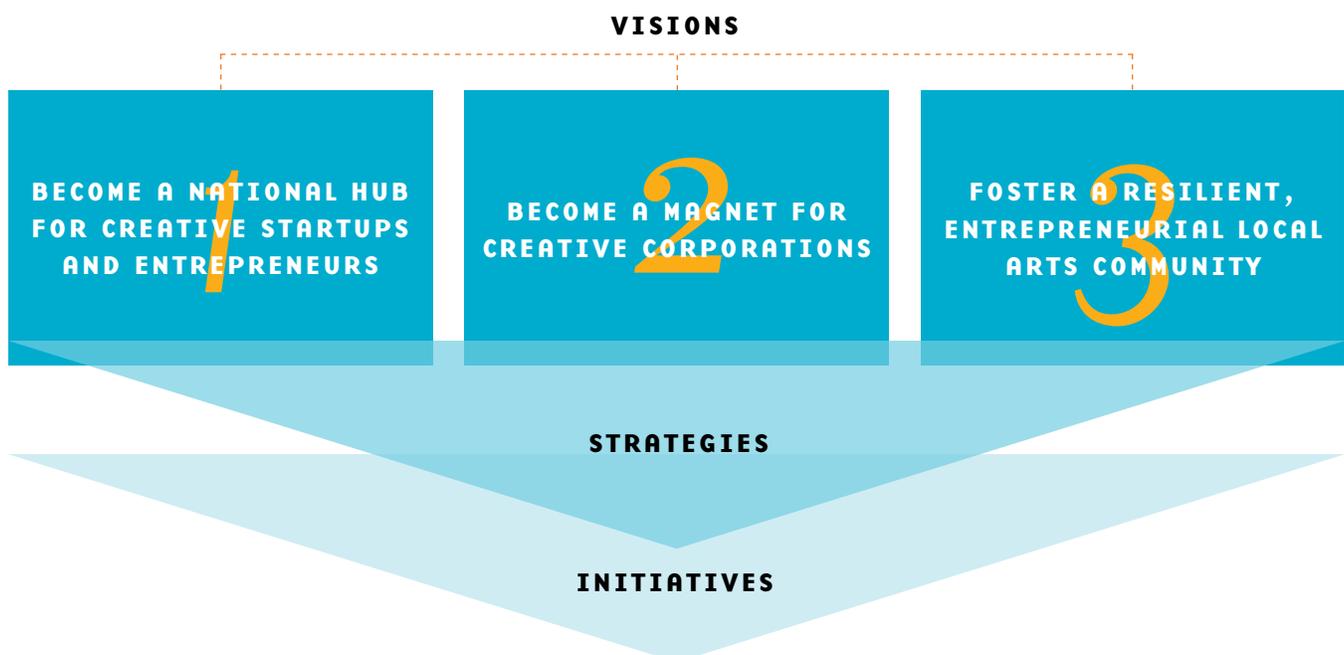
Creative industries have been and will continue to be critical to the District’s economy and workforce; they are an important driver of the city’s vitality and growth. The primary purpose of this report is to lay out a plan that allows the District government to leverage creative industries to drive economic diversification, produce jobs and expand the tax base. In analyzing and focusing on its creative industries, the District also has the opportunity to:

- Establish a clear view of the District’s resources and assets within the creative industries
- Identify areas of growth in the Creative Economy to inform future resource allocation
- Bring together stakeholders to drive forward an inclusive and robust Creative Economy implementation strategy for the next several years

To accomplish this, the District must build strong connections with the Creative Economy sectors: Arts & Heritage, Culinary Arts, Information & Technology and Professional Services. Through those relationships the *Creative Economy Strategy* will find its life – and purpose. As the District looks to implement the strategies and initiatives detailed in this report, the most important driver of success will be the private, public and nonprofit partners that assist in making these visions realities.

VISIONS FOR THE DISTRICT’S CREATIVE ECONOMY

34 ACTIONABLE INITIATIVES IDENTIFIED IN SUPPORT OF THESE VISIONS



VISIONS FOR THE DISTRICT’S CREATIVE ECONOMY

34 ACTIONABLE INITIATIVES IDENTIFIED IN SUPPORT OF THESE VISIONS

VISIONS	STRATEGIES	INITIATIVES
<p style="text-align: center; font-size: 48px; color: orange; font-weight: bold;">1</p> <p style="text-align: center; font-weight: bold; margin-top: 100px;">BECOME A NATIONAL HUB FOR CREATIVE STARTUPS AND ENTREPRENEURS</p>	<p style="text-align: center; font-weight: bold;">By improving access to affordable space and resources</p>	<ol style="list-style-type: none"> 1. Support the creation and adoption of temporary urbanism legislation 2. Establish incentives for incubators and accelerators that provide creative organizations with shared space, shared equipment and other technical assistance in growing sustainably 3. Invest in an update to the current DC Spacefinder tool to include an expanded inventory of resources available to creative organizations and enterprises 4. Provide incentives for developers to build make/live space for use by creative individuals and organizations 5. Examine the potential for zoning districts in industrial areas that would allow residential uses above ground-floor creative production uses
	<p style="text-align: center; font-weight: bold;">By making District bureaucracy friendlier for small enterprises and organizations</p>	<ol style="list-style-type: none"> 6. Develop a program that assists creative startups and entrepreneurs in navigating regulatory processes 7. Create a dedicated online portal that centralizes regulatory information most relevant for creative businesses 8. Create a streamlined and more flexible permitting process for small businesses 9. Create checklists for common regulatory processes, such as acquiring a certificate of occupancy or a liquor license
	<p style="text-align: center; font-weight: bold;">By increasing funding to bring innovative ideas to life</p>	<ol style="list-style-type: none"> 10. Support the DC Tax Revision Commission recommendation to revise taxation of passive income to attract new venture capital firms to the District 11. Create a fund to provide micro-grants to creative initiatives that will yield significant and near-term positive outcomes

VISIONS FOR THE DISTRICT’S CREATIVE ECONOMY

34 ACTIONABLE INITIATIVES IDENTIFIED IN SUPPORT OF THESE VISIONS

VISIONS	STRATEGIES	INITIATIVES
<p style="font-size: 48pt; color: #FFC000; text-align: center;">2</p> <p style="text-align: center; font-weight: bold; margin-top: 100px;">BECOME A MAGNET FOR CREATIVE CORPORATIONS</p>	<p style="text-align: center;">By cultivating a workforce that is attractive to corporations</p>	<ul style="list-style-type: none"> 12. Create a program to encourage university graduates to work in creative enterprises in DC 13. Provide seed capital for an education transition program to prepare established workers for new careers in the creative sectors 14. Develop a stronger bench of talent in the broadcast and digital media space by creating increased training, educational and apprenticeship opportunities 15. Expand existing workforce development programs to prepare local residents for careers in hospitality and the culinary arts 16. Organize an annual Hire Creative event, coordinating with local universities and agencies to recruit workers and publicize opportunities
	<p style="text-align: center;">By incentivizing creative corporations to locate in the District</p>	<ul style="list-style-type: none"> 17. Refocus the current DC film incentive program to reflect changes in the industry 18. Leverage existing incentive programs with a focus on attracting creative corporations 19. Create a revolving loan fund to incentivize creative enterprises to establish long-term facilities in the District
	<p style="text-align: center;">By promoting the District’s Creative Economy to attract new businesses</p>	<ul style="list-style-type: none"> 20. Highlight creative organizations and individuals in the District through existing promotion vehicles, such as the Digital DC campaign 21. Develop promotional materials and a team of DC private-sector ambassadors focused on attracting creative businesses 22. Stage a global Creative Economy conference to bring heightened awareness to one of the District’s creative sectors

VISIONS FOR THE DISTRICT'S CREATIVE ECONOMY

34 ACTIONABLE INITIATIVES IDENTIFIED IN SUPPORT OF THESE VISIONS

VISIONS	STRATEGIES	INITIATIVES
<p style="font-size: 48pt; color: #FFC000; text-align: center;">3</p> <p style="text-align: center; font-weight: bold; margin-top: 100px;">FOSTER A RESILIENT, ENTREPRENEURIAL LOCAL ARTS COMMUNITY</p>	<p style="text-align: center;">By assisting local arts institutions in developing sustainable business models</p>	<p>23. Partner with universities to offer technical assistance to creative organizations to help with key marketing, business and planning services</p> <p>24. Facilitate ongoing expert panels focused on training nonprofits and arts organizations on how to operate sustainably</p>
	<p style="text-align: center;">By mobilizing District resources to support arts and heritage organizations</p>	<p>25. Use DC Commission on the Arts and Humanities (DCCAH) interactive mapping tools to better track DC arts and cultural groups and to share this information with the creative community</p> <p>26. In renewing the DCCAH Strategic Plan, expand the DCCAH's entrepreneurial education and programming for arts organizations and artists</p> <p>27. In renewing the DC Public Library (DCPL) Strategic Plan, look for new ways the DC libraries can assist Creative Economy businesses and arts organizations in capacity building</p> <p>28. Create an interagency council comprised of key leaders within Office of the Deputy Mayor for Planning and Economic Development (DMPED) cluster agencies to coordinate activity and ongoing work related to Creative Economy initiatives</p> <p>29. Establish a community-wide working group to address concerns about cultural competency through dialogue with community leaders, artists and arts organizations</p> <p>30. Include for-profit music in the mandate of the Office of Motion Picture and Television Development (MPTD)</p>
	<p style="text-align: center;">By building connections across creative organizations, businesses and universities</p>	<p>31. Engage the work of local creative organizations and creative events to activate underutilized District development projects</p> <p>32. Hire a Creative Economy sector manager within DMPED to assist in developing strategic alliances between Arts & Heritage institutions, creative organizations, universities and the business community</p> <p>33. Increase District funding for promoting additional arts exchanges between DC artists and our sister cities</p> <p>34. Better leverage the presence of international institutions in the District by creating a space where embassies can display their art and culture on a rotational basis</p>

ANALYSIS
OF THE
CREATIVE
ECONOMY



B

A V I B R A N T

112,424

PRIVATE SECTOR EMPLOYMENT

\$14.1 BILLION

GROSS STATE PRODUCT

\$200.4 MILLION

TAX REVENUE

For more than a decade, scholars have studied the economic impact of the Creative Economy. In doing so, they have sought to place hard numbers around the economic activity driven by human creativity. Effective strategic planning requires that we take a similar approach, analyzing data both within the District and for the nation as a whole to understand the market we seek to impact and to ground our recommendations in fact.

Analyzing the Creative Economy first requires identifying industries that should be included and those that should not. Although there are many ways to define a Creative Economy, this analysis includes private organizations that either (1) produce innovative goods or services or (2) use innovative processes to produce goods and services. Since the focus of this report is on expanding the private and non-profit sectors, federal and municipal employment and wage data are not included or analyzed.

Regardless of the definition used, the industries comprising any Creative Economy are diverse and complex. These industries have unique business models, rely on distinct value chains and face different challenges as they seek to expand. Thus, this analysis focuses on both the Creative Economy as

a whole as well as on four discrete sectors: Arts & Heritage, Culinary Arts, Information & Technology and Professional Services. These sectors are further divided into subsectors (*Exhibit B-1*).

SIZE, COMPOSITION AND TRENDS

The importance of the economic activity driven by the creative sector cannot be denied. Collectively, the four sectors comprising the Creative Economy in the District of Columbia:

- Account for some 112,400 private sector District employment positions (16 percent of District employment vs. 13 percent nationally).
- Contribute an estimated \$14.1 billion to the District's Gross State Product (GSP) or 12 percent of the city's total GSP.
- Add approximately \$200.4 million to the District's tax base through employment.

These numbers are particularly impressive in light of the fact that they do not include federal and municipal employment.

Professional Services represents the largest sector in terms of District employment (49,991 positions) followed by the Culinary Arts (40,754), Information & Technology (16,709) and Arts & Heritage (4,970). The Professional Services and Information & Technology sectors are the largest contributors in terms of wages for DC residents (\$1.5 billion and \$511 million, respectively), reflecting both the size of these sectors as well as the fact that employees in these sectors demand relatively high wages. Although the Arts & Heritage sector is the smallest in absolute terms, this sector is considerably larger than what would be expected based on averages. It represents 0.7 percent of District employment as compared to 0.4 percent nationally (*Exhibit B-2*).

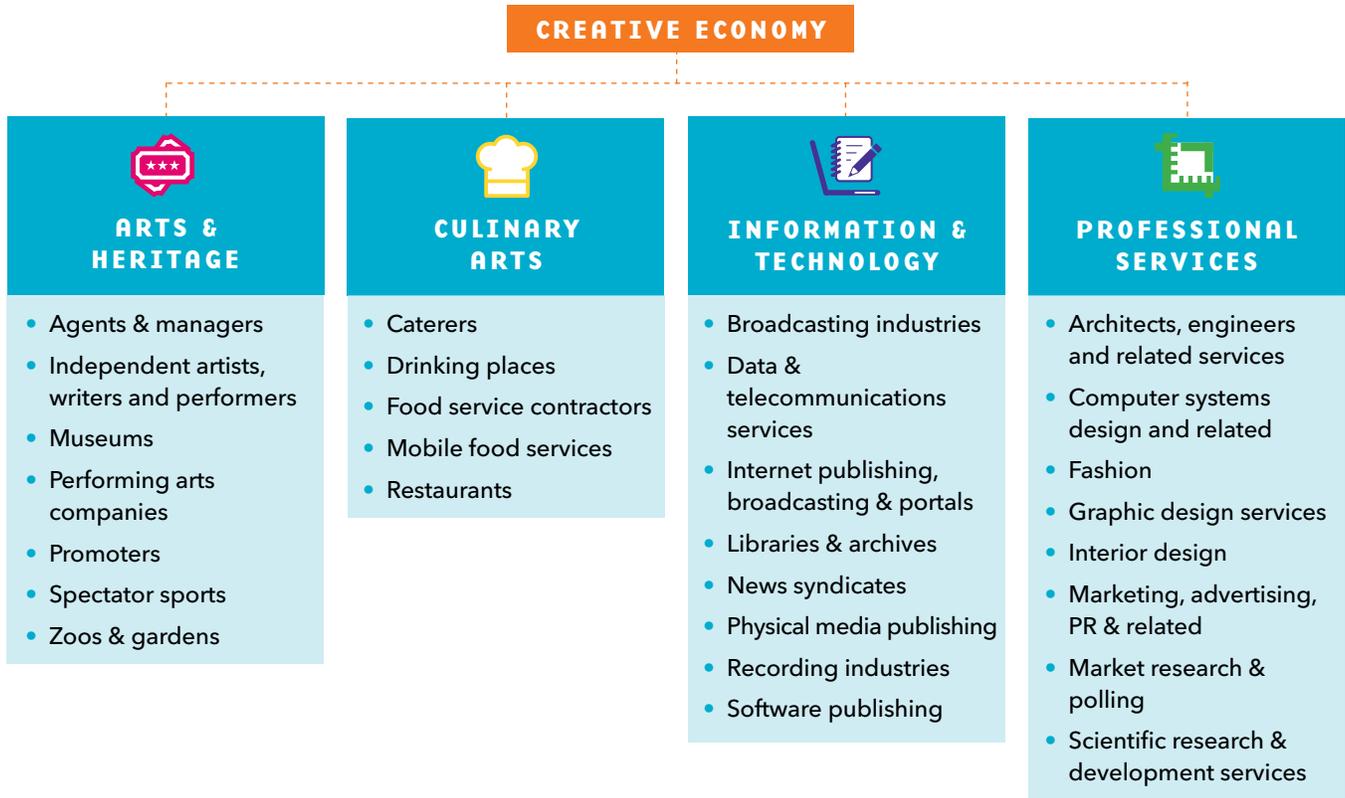
ECONOMY:

SECTOR

ANALYSES



B-1:
THE CORE FOCUS OF THE CREATIVE ECONOMY



Creative Economy employment grew by 20 percent from 2001 to 2011. Employment growth was more pronounced in the creative sectors than it was for the broader national Creative Economy, which only grew by 12 percent. Average wages in the District’s Creative Economy increased by 37 percent over the same period, compared to a 32 percent increase in the Creative Economy nationally (*Exhibits B-3 and B-4*).

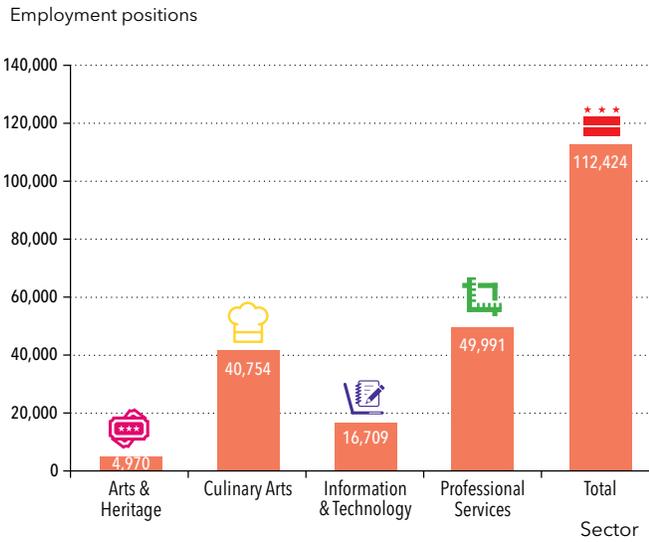
A number of factors contribute to the District’s success in growing its Creative Economy: a wealth of creative talent, proximity to world-class cultural institutions, a strong client base and a highly educated workforce, to name a few. The DC government’s long-established commitment to the arts and cultural sector as well as its recent efforts to significantly grow and recruit the technology and digital media industries also contribute to the District’s large and vibrant Creative Economy.

Given its size and growth trajectory, the Creative Economy is one of the clusters where the District has a legitimate claim to leadership in the coming decade. This position cannot be assumed or taken for granted, as changes in population,

employment and wages can influence its standing, as can changes in District policies and regulation. In addition, the emerging role of technology in all sectors of the economy may significantly alter the size of the Creative Economy. The Creative Economy in the District and nationally is subject to enormous fluidity – and opportunity. In developing this report, the District government aims to seize this opportunity by taking proactive steps to ensure the continued growth of the District’s creative sectors.

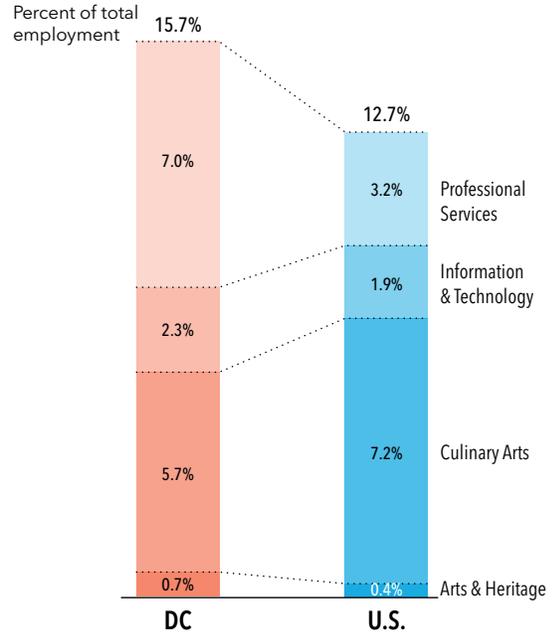
Examination of the Creative Economy as a whole provides a sense of its scale and importance to the District’s economy. However, in order to achieve a firm understanding of the unique opportunities and challenges in the District, it is critical to examine each sector separately. The specific sector-level trends that contribute to the broader trends discussed here are outlined in the Sector Analyses Sections that follows.

B-2:
CREATIVE ECONOMY EMPLOYMENT IN THE DISTRICT



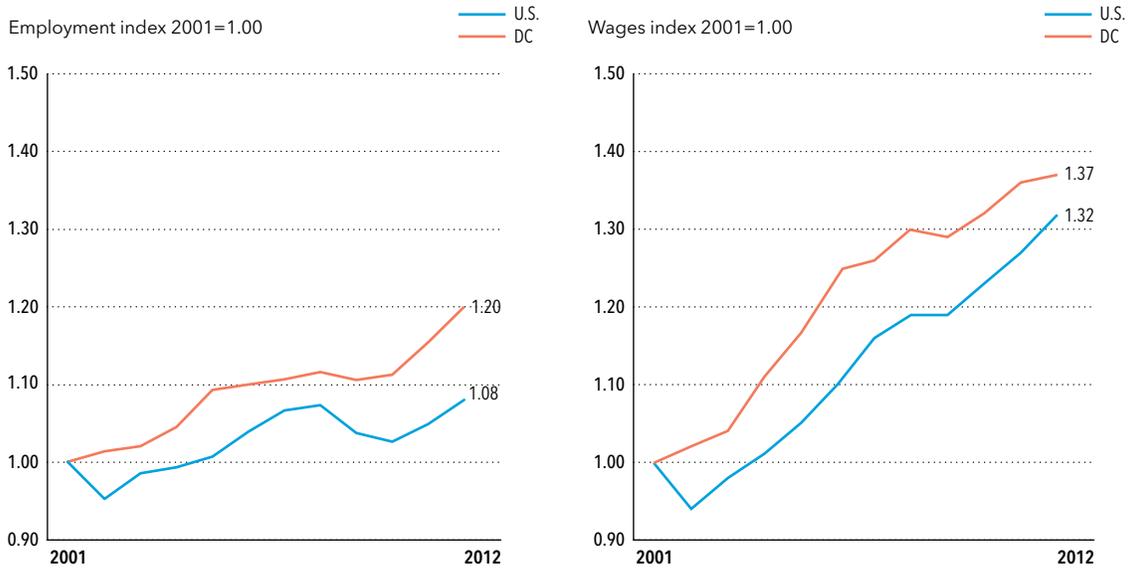
Note(s): Data does not include federal or municipal employment
Source(s): U.S. Bureau of Labor Statistics data

B-3:
COMPARISON TO NATIONAL AVERAGE



Note(s): Data does not include federal or municipal employment
Source(s): U.S. Bureau of Labor Statistics data

B-4:
CREATIVE ECONOMY LOCAL EMPLOYMENT AND WAGES, 2001-2011



Note(s): Data does not include federal or municipal employment; Indices represent composite metrics using the best data available, absent years are extrapolated as the average of adjacent years
Source(s): U.S. Bureau of Labor Statistics data

AN ANALYSIS FOCUSED ON THE IMPACT OF PRIVATE EMPLOYMENT

The impact of the creative industries on the District economy can be understood (and, thus, measured) in a variety of ways. Obviously, creative organizations have a sizeable direct impact. They occupy space and pay real estate taxes, employ residents who pay income taxes, and many enterprises earn a profit and contribute through corporate income taxes.

However, creative industries also indirectly benefit the local economy. Indirect benefits can be more difficult to isolate and quantify. For example, internationally regarded museums attract tourists who stay in hotels, eat at restaurants and shop in stores. Local restaurants contribute to the District's livability, attracting professional talent and bolstering the economy as a whole.

Ultimately, economic impact analyses should enable city officials to make informed decisions. This requires understanding the questions the District seeks to answer and providing relevant data that answer those questions.

Given that a major focus of the *Creative Economy Strategy* is private sector job creation, the analysis included in this report has been tailored to focus on the economic impact of employment, i.e. to what extent do individuals employed by private sector creative organizations contribute to the tax base?

Therefore, the following factors are included in the tax-base-contribution calculations:

- **Direct sales tax:** Driven by employee retail expenditures
- **Direct income tax:** Driven by employee income
- **Direct utility tax:** Driven by use of utilities (e.g., electricity, water, etc.)

- **Direct meal tax:** Driven by employee expenditures at culinary organizations
- **Direct admissions tax:** Driven by employee expenditures on tickets to shows, events, etc.

Demand-based measurement is used to assess employee contributions from meal taxes and admissions taxes. For example, if an employee in the Professional Services sector goes out to eat at a restaurant, this tax is attributed to the Professional Services sector (demanding the meal) and not the Culinary Arts sector (supplying the meal).

The following factors are not included in the tax-base-contribution calculations:

- **Federal and municipal employment** is explicitly excluded from all analyses. However, contractors serving government entities are included.
- **Tourist spending** is not considered in the analyses contained in this section. Accounting for the impact of tourism would significantly increase the tax contribution of Arts & Heritage and Culinary Arts enterprises.
- **Corporate income tax** is not considered in the analyses contained in this section. Accounting for the impact of corporate income tax could significantly increase the tax contribution of private sector firms across sectors.

This report analyzes U.S. Bureau of Labor Statistics data as of 2012, the most recent year for which data is available.



ARTS & HERITAGE

The Washington, DC, arts and cultural community ranks with other world-class cities, and it is easily the most accessible in the United States, if not the world. While many visitors focus on its remarkable federal jewels, such as the Smithsonian Institution, the National Gallery of Art and the John F. Kennedy Center for the Performing Arts, the District's indigenous artistic institutions rival their federal peers for diversity and innovation. The Phillips Collection, the Arena Stage and the Shakespeare Theatre Company are local organizations that have international reputations – and programs to match.

Beyond the National Mall lies a vibrant cultural community in the District, one that pulses with invention and artistry. Washington is a veritable feast of Arts & Heritage institutions, no doubt due to its renowned history and its proximity to the federal government's cultural capital. Look no further than U Street for eight decades of jazz musicianship, walk the narrow streets of Georgetown to see the historic mews, the District's former slave quarters, or climb the hill to celebrated abolitionist Frederick Douglass' house in Anacostia to soak in the history and admire the city below.

Washington gave birth to Chuck Brown and go-go music, Motown crown prince Marvin Gaye and the unforgettable voice of singer-songwriter Eva Cassidy. It was home to poet Walt Whitman, the incomparable Duke Ellington and singer-songwriter Mary Chapin Carpenter, at points in their storied careers.

Beyond these superstars, there is a wave of new art, music, theater and dance populating neighborhoods today. A youthful generation of artists is putting its imprint on the city's cultural offerings with the help of cutting-edge organizations, like Animals and Fire, a platform that supports performing artists, and Hole in the Sky, a gallery space for visual artists.

The District's Arts & Heritage sector is broadly defined to include any individual or group that either directly produces artistic content or facilitates creative productions of other

4,970

PRIVATE SECTOR EMPLOYMENT

\$334 MILLION

GROSS STATE PRODUCT

\$7.3 MILLION

TAX REVENUE

organizations in the sector. These groups also share similar business models that depend, in part, on the sale of tickets for revenue, either directly or indirectly. Subsectors within the Arts & Heritage sector cover performing and visual arts, including theaters and galleries; spectator sports; independent writers and performers; promoters; agents and managers; museums; and zoos and gardens.

Not all of the contributions of the Arts & Heritage sector can be easily measured. They are intangible, generating additional value in enhancing the reputation of Washington, DC, as a cultural capital for the United States. Certainly, they are the reason many people find their way here every year to work, learn and visit in this incomparable city. The Creative Economy in the District contributes to the city's distinctiveness, which adds value to goods and services and provides an unparalleled competitive advantage in attracting highly specialized and skilled talent and enterprises.

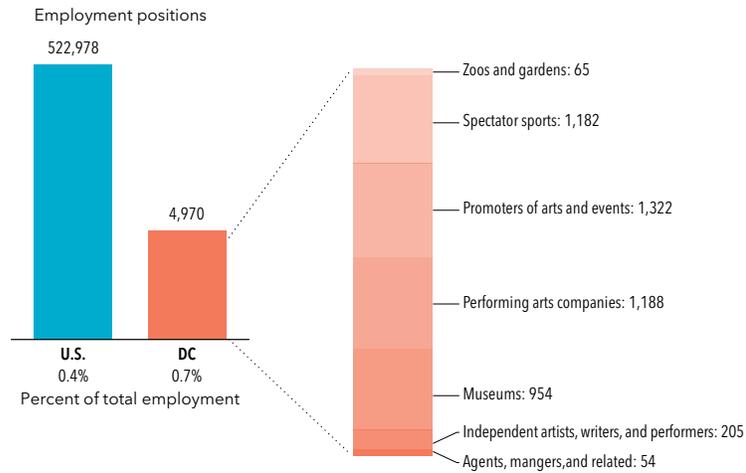
ARTS & HERITAGE SECTOR SIZE AND COMPOSITION

Arts & Heritage is the smallest of the four Creative Economy sectors, representing just 0.7 percent of all District employment. However, as a percentage of total employment, Arts

ARTS & HERITAGE

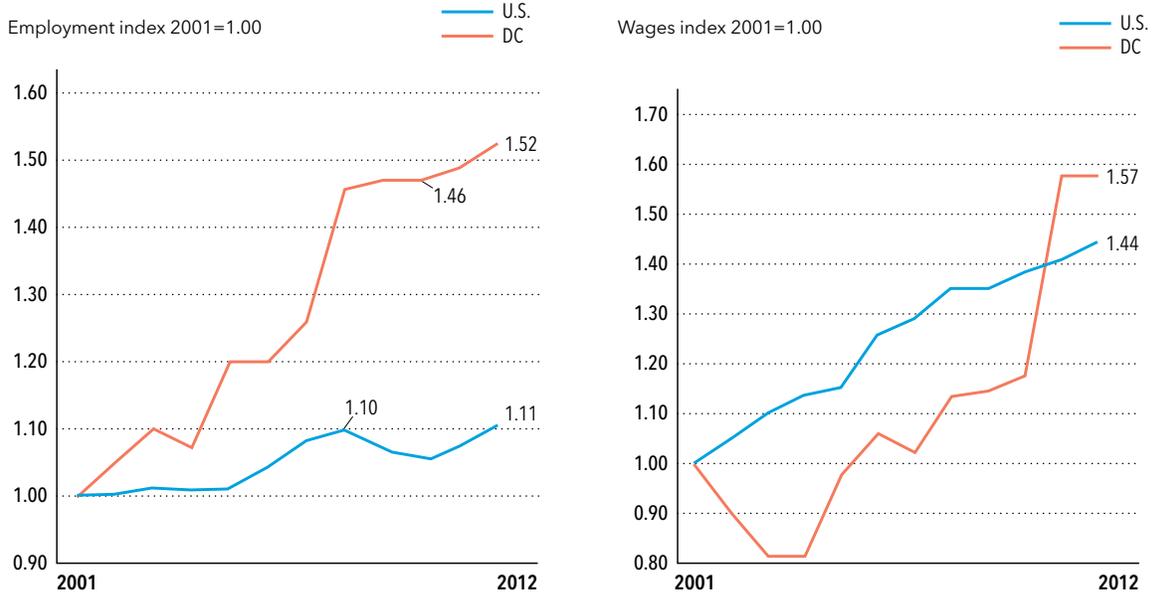


B-5:
ARTS & HERITAGE EMPLOYMENT: 2012



Note(s): Data does not include federal or municipal employment; Absent years are extrapolated based on historical growth rates
Source(s): U.S. Bureau of Labor Statistics data

B-6:
ARTS & HERITAGE: LOCAL EMPLOYMENT AND WAGES



Note(s): Data does not include federal or municipal employment; Indices represent composite metrics using the best data available, absent years are extrapolated as the average of adjacent years
Source(s): U.S. Bureau of Labor Statistics data

& Heritage is roughly three times larger than the nation as whole, encompassing nearly 5,000 employment positions in the DC economy. This is particularly impressive given that the data represented here only includes private employment figures. If public employment figures were included, this difference between the District and national arts and cultural industries would be substantially more pronounced. The contribution of the Arts & Heritage subsector to the DC GSP was \$334.0 million in 2012. Its local wages totaled \$141.8 million, and its contribution to DC tax revenues was \$7.3 million (*Exhibit B-5*).

Although District employment in this sector has expanded rapidly over the last decade (52 percent growth as compared to 11 percent nationally), employment figures were volatile from one year to the next. Many Arts & Heritage organizations depend on outside grants to fund their operations. Cuts in funding sources for the arts, including reductions in National Endowment for the Arts grants and federal government budget cutbacks, contributed to slowed growth in Arts & Heritage employment between 2010 and 2012.

Given the unpredictable nature of grant funding, it is critical for Arts & Heritage organizations to improve the sustainability of their business models. Many of these organizations have been forced to diversify their revenue streams and have transformed into efficient, lean operations. Several initiatives in the *Creative Economy Strategy* are targeted at supporting Arts & Heritage organizations' efforts to think more like businesses that are entirely dependent on profit.

Wage trends in the Arts & Heritage sector have also shown volatility, caused in part by employment changes in a few subsectors, such as spectator sports. Wages in the District have increased by nearly 60 percent since 2001, while in the nation wages have increased by 44 percent. Wages in the District are now higher than wages nationally (*Exhibit B-6*).

ARTS & HERITAGE SUBSECTOR SIZE AND COMPOSITION

Performing arts companies subsector employment has expanded significantly in the last decade. In part, this was due to growth in venues, as Washington went through a building spree to create new theaters or expand old ones. Stellar projects associated with the Studio Theatre, GALA Hispanic Theatre and the Woolly Mammoth Theatre revitalized the performing arts community. This change came after decades of no growth or even shrinkage in the number of available theaters; recent major renovations reversed years

of disrepair at the Lincoln Theatre and Howard Theatre. Meanwhile, new avenues to nurture the talent of theater directors and actors, as well as playwrights, emerged. Capital Fringe, along with the birth of theater institutions such as the Source Theatre, the Keegan Theatre and the Theatre Alliance, present opportunities for performing arts talent to shine in the District (*Exhibits B-7 and B-8*).

Employment increased by roughly 12 percent over the same period that national employment decreased by about 12 percent. This is especially impressive considering that performing arts companies employment was already relatively high in the District when compared to the nation as a whole. Wages increased modestly by 4 percent in the District as compared with 47 percent in the national economy over the same period.

Employment in the **promoters of arts events** currently stands at 1,322. This subsector's employment increased by roughly 400 percent in the District since 2001. In comparison, employment in this subsector increased by only 50 percent nationally. A host of new venues for events and growth in the number of performance opportunities are responsible for this significant trend.

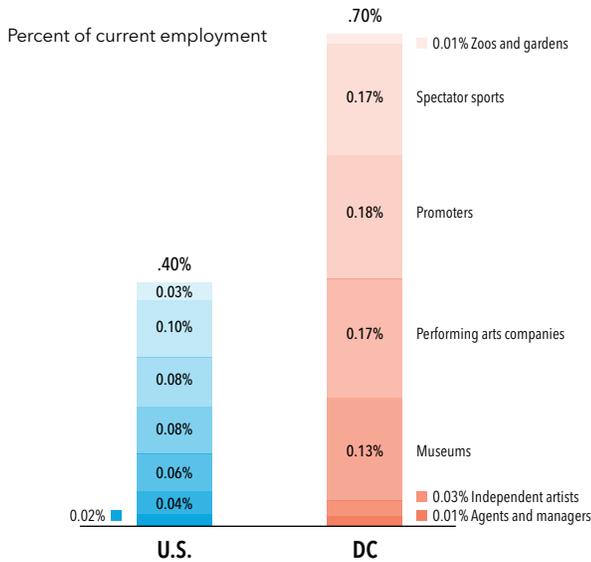
Washington bursts daily with new artistic temporiums and spaces for artists, with one-night or short-term installations for visual and performing artists as well as entertainers and musicians, such as (re)activate, a one-night public art exhibition; LUMEN8ANACOSTIA, a celebration of arts and culture; and Artomatic, the month-long arts festival. These events reflect the broader changes in this industry in recent years and reinforce the perception that Washington is a premier presenter of arts and entertainment.

Equally impressive, the promoters of arts events saw a 65 percent increase in wages over the same period, with the national average increasing only 14 percent. This reflects the continued growth of promoting organizations, likely resulting in many in-house promoters becoming independent.

The District government can support and leverage this trend by actively seeking to connect creative businesses to one another. In doing so, the District can help forge mutually beneficial business-to-business relationships that will drive growth across multiple creative sectors.

Private employment in the **museums** subsector, which stands at a robust 954 employment positions, increased by roughly 75 percent between 2001 and 2012. This compares with

B-7:
ARTS & HERITAGE SUBSECTOR COMPARISON TO U.S.



Note(s): Data does not include federal or municipal employment
 Source(s): U.S. Bureau of Labor Statistics data

national employment, which increased by approximately 15 percent. The expansion of the Phillips Collection in 2006 and the relocation of the Newseum into the District in 2007 both contributed to this trend. Both the District and the national economy saw wage gains in private museum employment by 50 percent and 32 percent, respectively.

Despite this growth, many small, private museums have struggled to compete with the Smithsonian Institution, which does not charge visitors an entrance fee. By providing technical assistance in critical business competencies – such as financial modeling and strategic planning – the District government can assist industry leaders in creating sustainable business models that thrive despite the cyclical nature of external funding.

Agents, managers and other related professions saw a decline of nearly half of all employment positions located in the District, while the wages of those in the field nearly doubled. This trend is likely associated with the economics of their business model, which is highly mobile and allows for completing transactions at a distance. However, small raw numbers in this subsector, 54 positions in 2012, as well as discrepancies in reporting may be skewing overall trends.

There are 205 independent artists, writers and performers in the District. Employment in this subsector more than doubled in the District since 2001, while in the nation, this subsector enjoyed a 32 percent increase. These numbers reflect only those individuals who listed themselves as

artists, writers and performers in labor and census surveys. Obviously, they do not represent the thousands, if not tens of thousands, of individuals in the District who make art and perform, either full-time or part-time. It is not uncommon in the District, or any city for that matter, to find federal employees who work as chefs or artists in their off-hours, or attorneys who write novels in their basements at night.

The employment gains are likely the result of the resurgence of the District as a cultural center in the last decade and the fact that more individuals are reporting their occupations as artists, writers or performers. The influx of independent artists, however, has likely driven down wages for this group over the same time. Nationally, wages for the subsector increased an average of 33 percent, while in the District wages declined by roughly the same amount.

These calculations do not reflect the fact that every professional artist, writer and performer is actually operating his or her own small business. By pursuing initiatives to make it easier for small businesses to operate – such as improving access to space and reducing red tape – the District will continue to spur growth in this subsector.

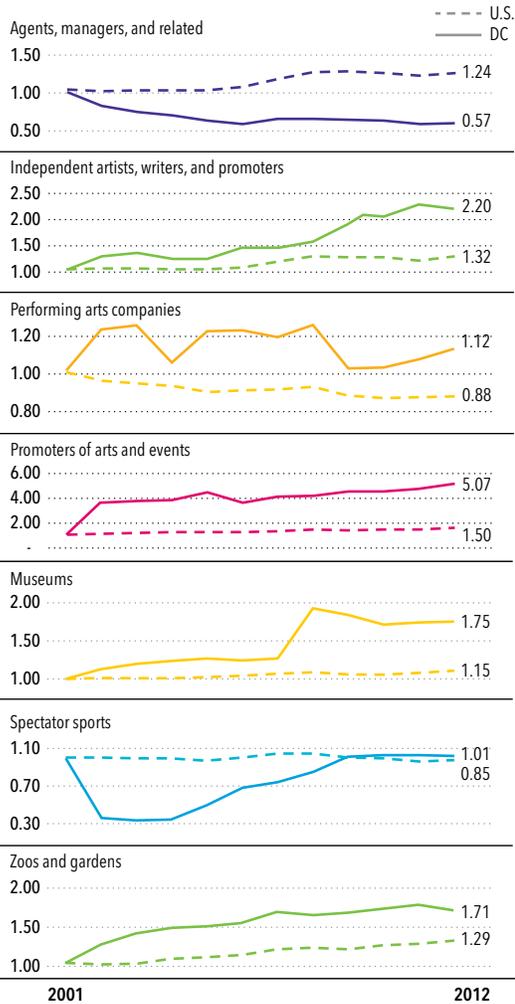
Spectator sports employment in the District and national economy ended the decade at roughly the 2001 level, although the District economy saw subsector employment losses and gains during that period. A number of changes drove growth in this subsector, including the presence of a Major League Baseball team – the Washington Nationals – in 2005, the construction of a baseball stadium and the building of a temporary tennis stadium. Both the District and the nation saw gains in wages in spectator sports by nearly 70 percent.

Private employment for zoos and gardens increased by 30 percent in the national economy and by more than 70 percent in the District economy. Both economies gained in subsector wages as well, with District wages increasing by roughly 50 percent as compared with 30 percent in the national economy. While small raw numbers in this subsector may be skewing overall trends, the District, with its many gardens and parks, is bound to have a more vibrant subsector than most cities. Moreover, it is important to recall that some of the District’s largest assets – including the National Arboretum and the National Zoo – are not included in these numbers.

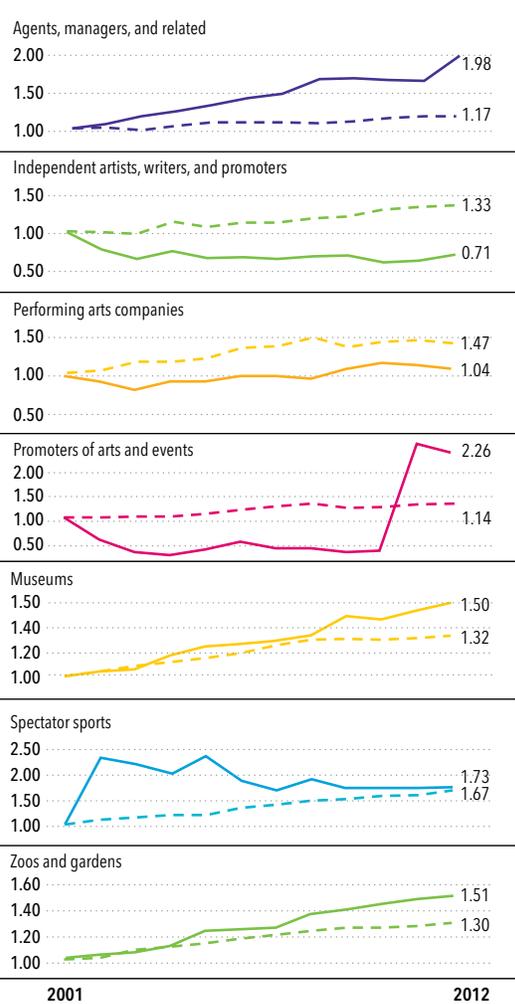
B-8:

ARTS & HERITAGE SUBSECTOR EMPLOYMENT AND WAGES

Employment index 2001=1.00



Wages index 2001=1.00



Note(s): Data does not include federal or municipal employment; Indices represent composite metrics using the best data available, absent years are extrapolated as the average of adjacent years
 Source(s): U.S. Bureau of Labor Statistics data



CULINARY ARTS



The District's Culinary Arts culture continues to evolve, albeit more slowly than the foodie movement in other top U.S. cities. While the District does not have a celebrated culinary history, as New Orleans or New York City do, Washington is creating its own food identity with new community eateries, locally owned markets and artisan food businesses, such as coffee roasters, cupcake bakeries and craft butchers.

Enterprises in the Culinary Arts sector produce and distribute food and beverages through various channels to a wide range of customers. Many individuals in the culinary space are artists themselves, creating visual displays and combining flavors in innovative ways. In other cases, culinary organizations act as creative facilitators by providing places for meeting and sharing ideas.

High rents, a shortage of low-income workers, limited access to startup capital and substantial government regulations are frequently cited as the reasons for the District's slow progress toward becoming a national food capital. All four factors have kept many restaurants and bars from opening downtown as well as in up-and-coming neighborhoods, such as Anacostia and the Navy Yard. In addition, the cost of a commercial kitchen can be prohibitive for a startup in the

District, although the growth of food incubators and shared kitchens such as Union Kitchen and EatsPlace is offsetting those costs.

Meanwhile, temporary or pop-up restaurants are exploding all over the city as would-be chefs and restaurateurs experiment with new, inexpensive locations and food styles. The District's convoy of food trucks is growing ever larger and more representative of the diverse cultures and food types that make up the city.

CULINARY ARTS SECTOR SIZE AND COMPOSITION

The Culinary Arts sector is critical to the District's economy. With 40,754 positions, Culinary Arts is the second largest Creative Economy sector after Professional Services in terms of employment. The sector generates \$2.1 billion of the \$14.1 billion in District Creative Economy GSP in the District annually. Culinary employment contributes \$57.1 million in local tax revenues and \$269 million in local wages.

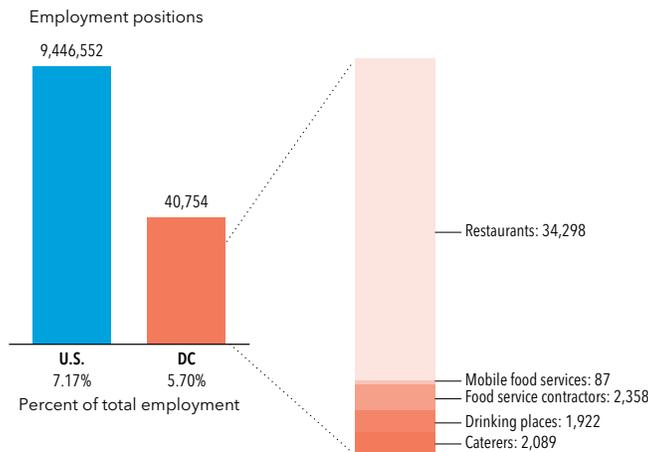
Despite its size, District employment in the Culinary Arts still lags behind the nation as a whole. Nationally, culinary employment positions represent 7.2 percent of employment while they reflect only 5.7 percent of District employment. The gap between District and national culinary employment is largely due to the District's relatively small restaurants subsector. Although the District has a lower percentage of restaurant employment than the nation, the majority of culinary employment in the District still falls within this subsector ([Exhibit B-9](#)).

Employment and wage trends in the Culinary Arts sector have largely been positive since 2001. Culinary employment grew by 50 percent in the last decade, outpacing the national expansion of 20 percent. Further, wages have increased by roughly one-third in both the District and the national economy. ([Exhibit B-10](#)).

CULINARY ARTS

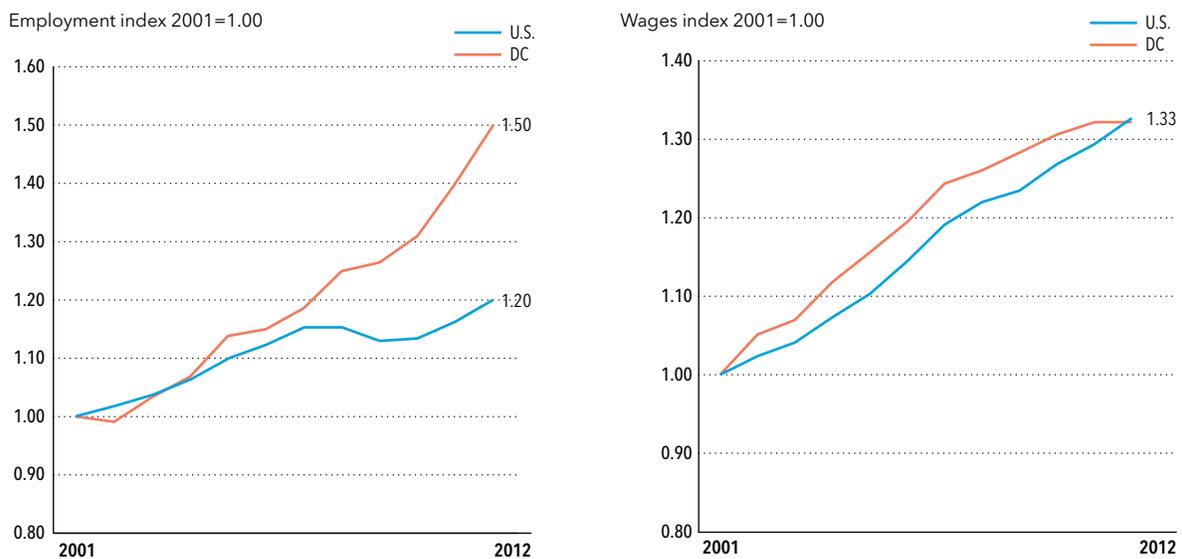


B-9: CULINARY ARTS EMPLOYMENT IN THE DISTRICT AND NATIONALLY



Note(s): Data does not include federal or municipal employment; "Restaurants" category includes full- and limited-service restaurants, cafeterias and buffets
 Source(s): U.S. Bureau of Labor Statistics data

B-10: CULINARY ARTS EMPLOYMENT AND WAGES IN THE DISTRICT



Note(s): Data does not include federal or municipal employment; Indices represent composite metrics using the best data available, absent years are extrapolated as the average of adjacent years
 Source(s): U.S. Bureau of Labor Statistics data

However, it is apparent that the District's culinary scene could be growing at a faster clip if the barriers to entry for restaurants and food businesses were reduced. A number of recommendations in the *Creative Economy Strategy* aim to maintain and build upon the District's growth trend. Among them, the District will continue to fund incubator spaces and will streamline permitting processes, both of which lower the high costs associated with starting and maintaining a restaurant.

Additionally, expansion in the Culinary Arts sector can only happen if the District has a workforce with the skills required to support this sector's growth. This represents a great opportunity to address unemployment, as many culinary positions do not require advanced degrees and could be a good fit for the District's low-income workers. In order to reduce unemployment, the District will support culinary training programs aimed at providing District residents the skills they need to work in the culinary space, both in low-skill and management positions.

CULINARY ARTS SUBSECTOR SIZE AND COMPOSITION

The concentration of **catering professionals** in the District's economy is more than twice that of the nation's, likely due to the large number of opportunities and events in the District. Washington is a temporary home to thousands of conferences and meetings annually, and the catering business thrives in such a market. Situated in the nation's capital, private and public sector organizations commonly host (and provide catered food for) visiting businesses, policy leaders and international delegations. High median area income also contributes to this trend, as more economically advantaged families are able to afford catering services (*Exhibits B-11 and B-12*).

Since 2006, the catering subsector has increased employment by roughly 10 percent, exceeding national economy gains. This is likely due to expansion in the overall economy in the District and to the high concentration of prospective clients serviced by the subsector.

At 1,922 positions, employment at **drinking places**, such as bars and lounges, is roughly on par with the national statistics. However, both District and national numbers may be artificially low, given that any Culinary Arts enterprises selling food may also be categorized as a restaurant, even if the majority of revenue comes from alcohol.

One promising area of growth in the District is in the production of alcohol. The District has become a city with a lively mixology culture, whether cocktail masters are plying customers with themed drinks and beer or liquor artisans are crafting brews and gin to sell to local restaurants. In fact, the new production breweries and brewpubs in the District rival any number of traditional beer-friendly cities.

Employment at drinking places has increased by 78 percent since 2001, despite a decrease in national employment in this subsector by roughly 10 percent. Along with the trend toward hand-crafted cocktails and liquors, this increase was likely the result of the overall expansion of the District's economy during this period as well as growth in the District's Millennial demographic (18- to 35-year-olds). Wage gains have slightly outpaced the national average by 5 percent.

To continue to build on this trend, the District will seek to open additional avenues for revenue growth in this subsector. Clarifying the process by which performing arts venues and temporary events obtain liquor licenses will benefit bars and lounges while improving the profitability of arts and heritage organizations. Additionally, the District will continue to support the growth of culinary incubators and shared commercial kitchens, many of which have been used effectively by alcohol-related startups.

Food service contractors are also more prevalent in the District economy than in the national economy because of the large number of establishments in the District offering food courts, cafeterias and group food enterprises that rely on contracting services.

Food service contractors in the District have lost roughly 24 percent of employment since 2001, while national employment in this subsector rose roughly 20 percent during the same period. Wage trends in the District have largely mirrored the national trends.

The significant decline in food service contractors may reflect the move toward differentiation in the food business. Cafeteria services are less prevalent than in the past in Washington as patrons have become more sophisticated in their eating habits, and a number of facilities have shifted from traditional cafeterias to more recognized food establishments.

For example, The George Washington University gives students a GWorld card that can be used to pay for food at 10

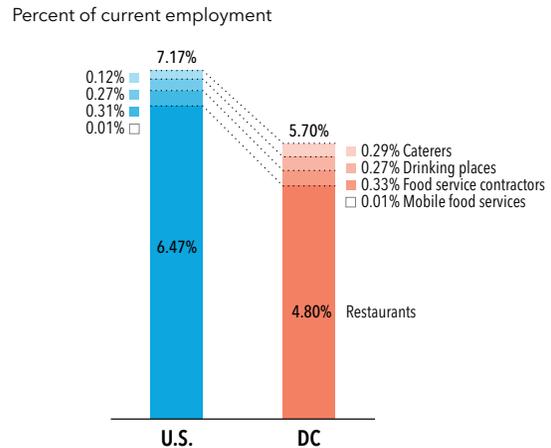
on-campus food locations, which include per-pound food establishments and coffee shops, or at local restaurants and markets in the neighborhood that are partners with the university.

Restaurant employment is the largest subsector, representing 34,298 positions. Although this subsector is large, it remains underrepresented in the District economy, especially in light of the concentration of government and private sector institutions. This is likely driven by the high fixed costs associated with starting a restaurant, including the cost of space and equipment. Comparatively high wages may have also contributed to this trend, although changes in wages have largely tracked national averages.

Restaurants in the District increased employment by roughly 57 percent since 2001, exceeding the national expansion of 22 percent. As the largest subsector of the Culinary Arts sector, this trend is largely responsible for the gains in the sector as a whole.

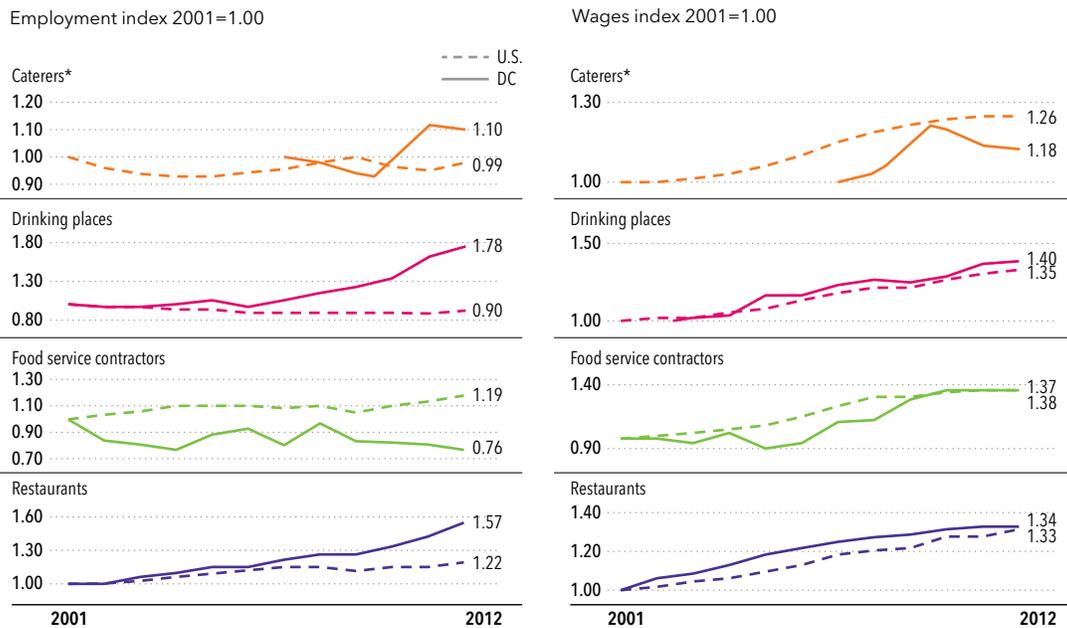
In part, this growth is a “correction” of the historically low concentration of restaurants in the District. Over the last decade, economic expansion and the population increase drove demand, leading to growth in this subsector. At the same time, the District’s expanding real estate footprint provided additional space for restaurants to locate and thrive.

B-11: CULINARY ARTS SUBSECTOR COMPARISON TO U.S.



Note(s): Data does not include federal or municipal employment; “Restaurants” category includes full- and limited-service restaurants, cafeterias and buffets
 Source(s): U.S. Bureau of Labor Statistics data

B-12: CULINARY ARTS SUBSECTOR EMPLOYMENT AND WAGE TRENDS IN THE DISTRICT



Note(s): Data does not include federal or municipal employment; Indices represent composite metrics using the best data available, absent years are extrapolated as the average of adjacent years; Reporting for caterers began in 2006; “Restaurants” category includes full- and limited-service restaurants, cafeterias and buffets
 Source(s): U.S. Bureau of Labor Statistics data



INFORMATION & TECHNOLOGY

16,709

PRIVATE SECTOR EMPLOYMENT

\$3.8 BILLION

GROSS STATE PRODUCT

\$49.4 MILLION

TAX REVENUE

The Information & Technology sector is comprised of organizations that disseminate information through physical or digital media. The District's Information & Technology sector and its economic potential have yet to be fully realized. The transition to digital media and the emergence of cloud computing have driven employment declines both in the District and nationally. However, declines were more pronounced in the District, where sector employment is heavily concentrated in the physical media publishing subsector.

Historically, proximity to the customer base was crucial to the business models of organizations within this sector. While this drove many companies – particularly those in the broadcast, news and physical media publishing subsectors – to locate in the District, it caused others to establish headquarters in Virginia, where proximity to the Pentagon, a number of corporate headquarters off the Dulles Toll Road and the Dulles International Airport provided access to a critical client base. With the transition to digital media and cloud computing over the last decade, geographic ties to location have declined in importance, triggering structural changes evident in employment and wage trends.

The cost of doing business in the District as compared to Virginia and Maryland will continue to represent a barrier to growth. Despite this challenge, growing subsectors within the Information & Technology sector, such as Internet publishing, still represents a huge opportunity in the District. In these subsectors, the ability to attract talent is paramount. The highly skilled individuals who make up the tech workforce increasingly demand amenities, walkability and vibrant neighborhoods, all of which the District offers. Moreover, as teleworking and open workspace grow in popularity, companies in this sector are reducing their real estate footprint, making the District competitive despite its comparatively high costs.

INFORMATION & TECHNOLOGY SECTOR SIZE AND COMPOSITION

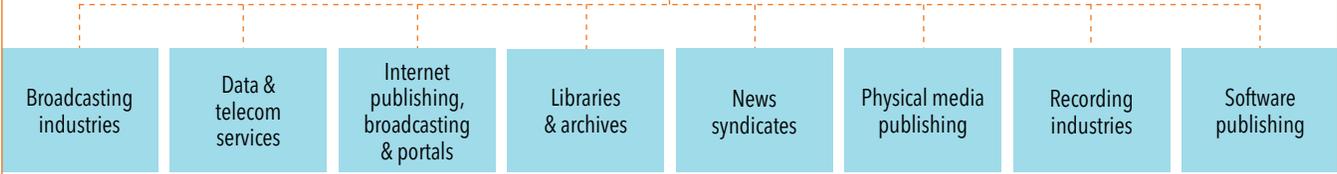
The Information & Technology sector accounts for some 16,709 positions, according to BLS data. This sector contributes approximately \$511 million in wages for District residents, \$49.4 million in local tax revenues and \$3.8 billion to the District's GSP (*Exhibit B-13*).

Information & Technology jobs represent 2.3 percent of employment in the District versus 2 percent of positions nationwide. Employment in the Information & Technology sector in the District is largely in physical media publishing, broadcasting and data and telecommunication services (*Exhibit B-14*).

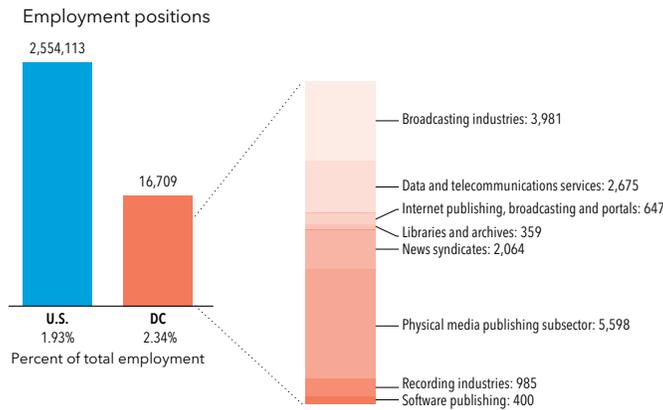
INFORMATION & TECHNOLOGY SUBSECTOR SIZE AND COMPOSITION

As the nation's capital, the District has historically been an area of focus for **media and broadcasting companies**, which represent 3,981 employment positions in the District. Broadcasting employment in the District and nationally has not fared well in the last decade (*Exhibits B-15 and B-16*).

INFORMATION & TECHNOLOGY



B-13:
INFORMATION & TECHNOLOGY SUBSECTORS



Note(s): Data does not include federal or municipal employment
Source(s): U.S. Bureau of Labor Statistics data

B-14:
INFORMATION & TECHNOLOGY SECTOR EMPLOYMENT AND WAGES



Note(s): Data does not include federal or municipal employment; Indices represent composite metrics using the best data available, absent years are extrapolated as the average of adjacent years
Source(s): U.S. Bureau of Labor Statistics data

Broadcasting employment decreased largely in line with national trends since 2001, while wages have increased in the sector by 22 percent. Advances in technology that augmented productivity per worker drove declines in employment as did consolidation within the industry caused by technological and regulatory changes. Most obviously, the Internet and the proliferation of digital media opportunities have had the greatest impact in this subsector; these evolving technologies have and continue to transform how people distribute and consume all forms of content.

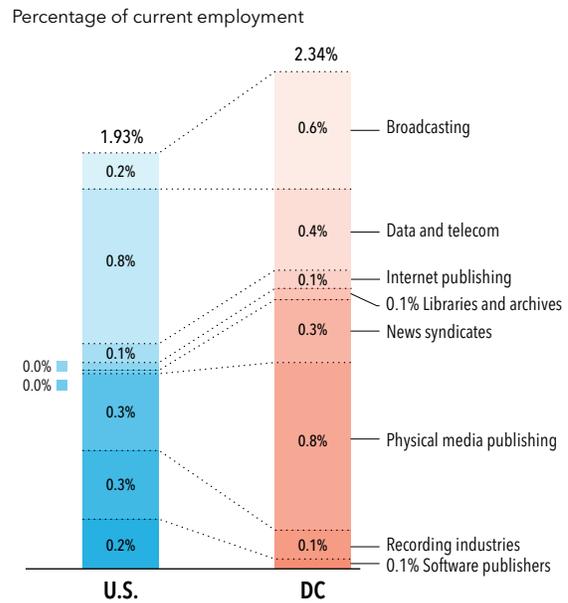
Many broadcasting organizations are effectively adapting to these changes. CBS Radio recently announced it would establish a regional hub in Washington near the Navy Yard, generating new jobs and facilities and fortifying the broadcasting subsector significantly in the District.

There are relatively few **data and telecommunications** positions in the District. Data companies have very specific space needs including sizable plots of land for large buildings and equipment. Thus, many of these organizations locate outside of the District, where such spaces are available and cost effective.

Employment in this subsector has decreased more severely in the District than in the nation as a whole. Industry consolidation and increased use of data hosting or processing, often described as “moving to the cloud,” have both driven reductions in employment. This trend increases the productivity per employee, resulting in lower demand for employment. Wages in the District have increased by some 75 percent since 2001, outpacing national trends. The field is well paying and in demand, which is exhibited in wage gains.

Data on **Internet publishing, broadcasting and portals** have only been tracked since 2006. This subsector includes companies that provide services through the Internet, including for example, Internet publishing companies, e-commerce companies, search engines and web portals. Nationally this subsector has experienced huge gains, with employment increasing by roughly 70 percent since 2006. In contrast, employment in the District has only expanded by 3 percent. Wage trends have been largely positive. Average wages in the District rose by 65 percent, compared to 22 percent for the nation as a whole. This likely reflects the demand for these services and the higher wage rates associated with working in the District.

B-15:
INFORMATION & TECHNOLOGY COMPARISON TO U.S., 2012



Note(s): Data does not include federal or municipal employment
Source(s): U.S. Bureau of Labor Statistics data

were originally established, cities and states historically recognized as tech centers have captured much of the growth in this sector to date. For example, of the top 10 Internet-based companies in terms of global revenue, five have their headquarters in California. San Francisco’s proportion of employment in this subsector is roughly 10 times that of the District’s employment.

In the last few years, the District has worked hard to attract new technology entrepreneurs with an aggressive group of incentives to bring in mid-size tech companies. By leveraging its incentives, including relocation expenses, wage reimbursements and a reduction in corporate income taxes, the District has sought to recruit businesses that derive the majority of their revenues from technology activities.

By improving its reputation as a tech sector and targeting the growth of micro-enterprises and small businesses, the District can begin to drive even more growth in this subsector. For example, websites such as DCist and EatLocalFoodsFirst have opened up new avenues for communicating with District residents about food, entertainment and neighborhood news.

The percentage of District private employment positions in **libraries and archives** is more than double the nation’s, although there are only 359 private employment positions

at libraries and archives. The District's place as a center for national heritage and knowledge acquisition explains this trend, in part. This is especially noteworthy considering the analysis does not include federal workers or contractors employed by the Library of Congress, the National Archives and other similar federal institutions.

As the dominance of digital media continues to transform old-line print media, it will also impact facilities that have catered to traditional media like libraries and archives. These technological changes have required libraries and archives to rethink how they offer information, and many of these organizations have adapted, offering media online that was previously only available in print. These new tools complement rather than replace old-style media and increase accessibility.

News syndicates represent less than one-half of 1 percent of creative employment in the national economy. Similar to the broadcasting sector, the District's status as the national political capital attracts the coverage of news syndicates such as the Associated Press and Agence France Press.

News syndicate employment has grown faster in the District than it has nationally. Since 2001, employment grew in the District by nearly 20 percent, while wages in the District increased by roughly 44 percent. This is not a surprising trend given that as newspapers diminished their individual presence in the capital, they turned to news syndicates for coverage instead.

The consolidation in broadcasting, the move to a 24-hour news cycle and the proliferation of news syndicates expanded employment throughout the 1990s. This tapered off during the 2000s due to a highly competitive landscape and the emergence of alternative methods of disseminating information, such as the Internet, custom news feeds and Facebook.

Physical media publishing has been one of the subsectors hardest hit by the transition to digital media. Falling District employment in this subsector is part of a broader national trend. The shift to digital media for entertainment, news and other content consumption largely eroded profitability in the publishing world and incited wholesale industry consolidation in newspaper and magazine publishing. Subsector employment has decreased in the national and District economies by over 30 percent. The District has an opportunity to retrain individuals in physical media publishing subsector to facilitate their transition into other areas of the Creative Economy. With

some retooling, the written and communication skills developed by working in the physical media publishing subsector may be transferable to a broad range of subsectors, including advertising, public relations and Internet publishing, to name a few.

The **recording industry**, which includes organizations involved in the production and distribution of motion pictures and sound recordings, has also experienced structural changes, largely driven by shifts in the way the public consumes media content. Despite this, employment has largely remained constant nationally while in the District employment has decreased by 40 percent since 2001.

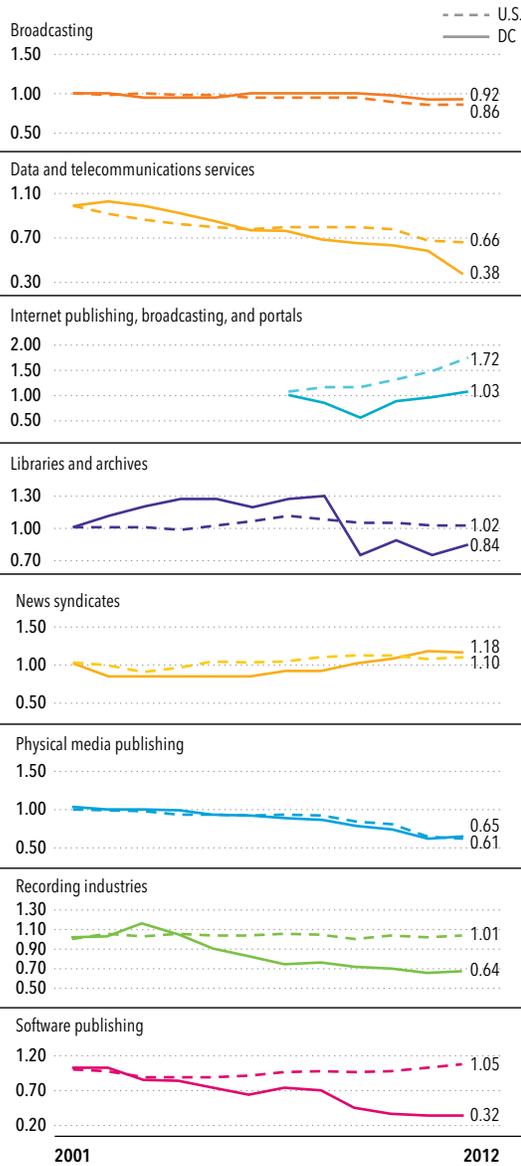
The critical infrastructure needed to support growth in this space – including production and post-production facilities as well as sound recording studios – has historically been underdeveloped in the District. Many of the District's programs intended to incentivize growth in this subsector have focused on traditional film production techniques, while the industry has largely migrated to digital technology. In order to address this, the District government should update critical incentive programs to reflect technological changes. Moreover, the District government has the opportunity to expand its focus on sound recording by including recorded music in the mandate of the Office of Motion Picture and Television Development.

Nationally, employment in **software publishing** has remained flat since 2001, while in the District software publishing decreased by 70 percent during the same period. In part, this trend can be explained by a data reporting anomaly. The data included in this section comes from the U.S. Bureau of Labor Statistics. Companies are required to self-report their classification and employment numbers. Many of the companies that previously reported as software publishers have diversified their product offerings. In doing so, they have opted to classify themselves as Computer Sciences firms in the Professional Services sector.

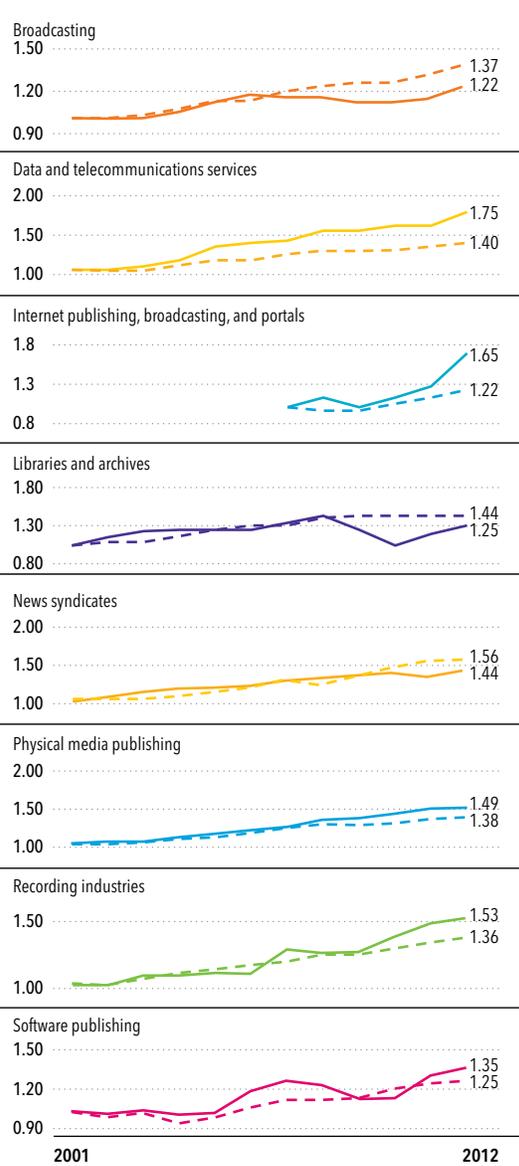
The District saw an increase of 35 percent in the average wages of software publishers, while the national economy saw an increase of 25 percent during the same period.

INFORMATION & TECHNOLOGY EMPLOYMENT AND WAGES, 2001-2012

Employment index 2001=1.00



Wages index 2001=1.00



Note(s): Data does not include federal or municipal employment; Indices represent composite metrics using the best data available, absent years are extrapolated as the average of adjacent years; Reporting for Internet publishing began in 2007
 Source(s): U.S. Bureau of Labor Statistics data



PROFESSIONAL SERVICES

The District of Columbia together with Maryland and Virginia have the highest concentration of professional, scientific and technical services firms in the nation, more than 60 percent greater than the national average. Professional Services enterprises contribute substantially to the District’s overall employment and wages. Although this sector encompasses a wide variety of business models, all Professional Services organizations included in this analysis use their creative output to serve clients.

The 2008 global recession slowed growth in every Professional Services subsector and led to industry consolidation and efforts to centralize operations, reduce back-office costs and expand into new lines of business. These subsectors also have felt the effects of the federal government’s efforts to downsize both its budget and labor force.

Unique to other sectors, the majority of professions within this sector require a four-year degree and tend to be highly specialized. There are clusters of these firms in the District that conduct specific work like consulting and others that support an explicit clientele, such as market research and polling firms that cater to political parties, political candidates and elected officials.

Certain Professional Services firms such as marketing, public relations and advertising locate in the District because of the presence of strategically important institutions, policy-makers and political officials – all of which have great need of their services. These companies also cite the prestige of working in the nation’s capital as a factor in deciding to locate in the District.

Although legal and accounting services organizations fall into the Professional Services category, these firms were excluded from this analysis as they play a supporting rather than a direct role in the Creative Economy.

49,991

PRIVATE SECTOR EMPLOYMENT

\$7.8 BILLION

GROSS STATE PRODUCT

\$86.6 MILLION

TAX REVENUE

PROFESSIONAL SERVICES SECTOR SIZE AND COMPOSITION

The Professional Services sector accounts for nearly 50,000 employment positions in the District’s Creative Economy, making up close to 7 percent of local employment, while comprising only 3.2 percent of national employment. The sector generates \$7.8 billion of the Creative Economy’s \$14.1 billion GSP, and \$1.5 billion in local wages. Its employees contribute \$86.6 million in local tax revenues (*Exhibit B-17*).

Employment in the Professional Services’ sector grew by 20 percent since 2001, while the national sector expanded employment by only 11 percent. Wage gains in the District have also outpaced the national averages, 52 percent and 46 percent, respectively, although this likely reflects the overall growth of wages in the District over time (*Exhibit B-18*).

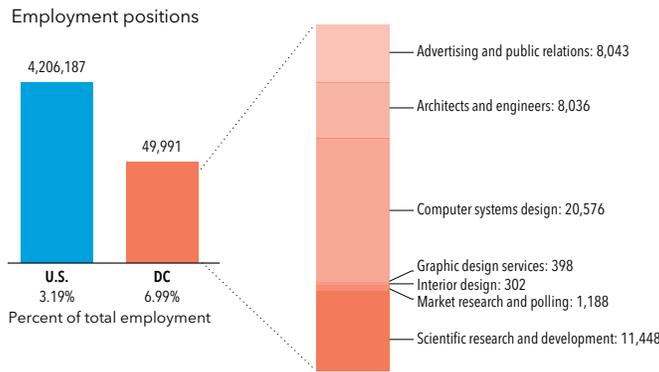
PROFESSIONAL SERVICES SUBSECTOR SIZE AND COMPOSITION

In the District, the percentage of jobs in **advertising and public relations** services is roughly four times larger than it is nationally, representing 8,043 employment positions. This is

PROFESSIONAL SERVICES

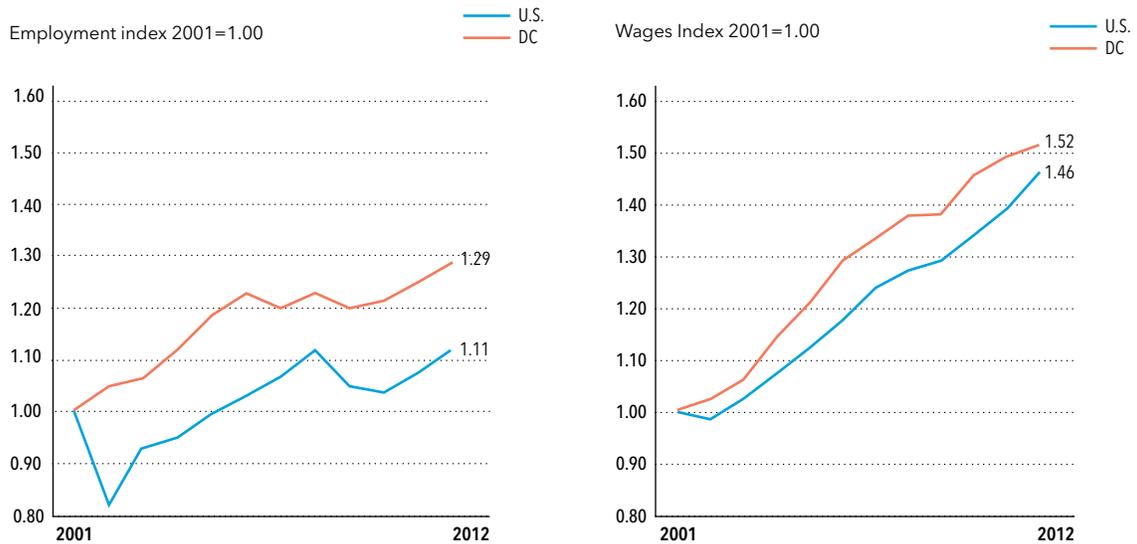


B-17:
PROFESSIONAL SERVICES EMPLOYMENT COMPARISON, 2012



Note(s): Data does not include federal or municipal employment
Source(s): U.S. Bureau of Labor Statistics data

B-18:
PROFESSIONAL SERVICES EMPLOYMENT AND WAGES, 2001 TO 2012



Note(s): Data does not include federal or municipal employment; Indices represent composite metrics using the best data available, absent years are extrapolated as the average of adjacent years
Source(s): U.S. Bureau of Labor Statistics data

driven by a high concentration of clients in the area, especially international corporations, federal government agencies, political decision makers and institutions that lobby the government. It is unlikely that this high concentration of marketing, advertising and public relations services in the District will change, especially given that many of these firms have embraced the technological shift to digital media (*Exhibits B-19 and B-20*).

Employment in this subsector expanded by 37 percent in the District compared to a national decline of 9 percent. Average wages increased more than 66 percent, outpacing the national average of 37 percent. Changes in the party in power in the executive and legislative branches of the federal government often present opportunities for the creation of new firms as people leave government service for new positions and contribute to this subsector's expansion. Additionally, the Washington metropolitan region is home to a number of corporate headquarters, which contract out marketing and advertising responsibilities.

Although slightly underrepresented, given both the size and growth rate, this subsector continues to represent a major area of opportunity for the District. The District government can continue to support its growth through workforce training programs targeted at preparing individuals in shrinking subsectors to pursue opportunities in marketing, advertising and public relations.

The percentage of employment in **architectural and engineering** services is slightly larger in the District than it is nationally. Employment in this subsector increased by roughly 30 percent in the District, though nationally employment largely remained flat. This subsector experienced wage gains of 60 percent and 45 percent in the District and in the nation, respectively.

The wealth of real estate development activity taking place over the last five years was truly unique to the District. While other cities faced declines in construction due to the 2008 recession, development of new residential and commercial space in the District flourished. Between 2008 and 2013, more than 50 million square feet of new or rehab construction was completed, with a cost of nearly \$19 billion. Although real estate markets are cyclical, given the trajectory of development projects already in the pipeline, the District seems positioned for continued growth in the immediate future. More than 20 million square feet of space is currently under construction, and another 30 million square feet is in the pipeline within the next three years.

Computer systems design and services employment is the largest Professional Services subsector in the District, representing 20,576 employment positions. This subsector covers a wide variety of occupations related to hardware, software and systems integration. Employment in this subsector is roughly double the size expected based on national averages, and this subsector more than doubled employment during the decade in the District compared to a 27 percent expansion nationally since 2001. Subsector wage gains rose to 54 percent (37 percent nationally), improving the relative wage of District employees.

These trends are largely driven by federal government IT modernization and the shift in labor classifications within the technology industry. Over the last decade, federal agencies have increasingly sought to update legacy systems and have turned to private contractors and consultants to solve their technology and production needs. Private companies in the District and region have responded, expanding services provided and hiring in this subsector.

Additionally, individuals who might have been classified originally within other sectors such as broadcasting or publishing are shifting to computer systems design with the proliferation of digital media applications and new Internet platforms. This likely accounts for some of the subsector growth in the District as a number of companies have added new divisions or have retooled their business models to fit more comfortably into the computer systems design and service provider subsector.

Employment in the **graphic design services** subsector is roughly in line with national levels, and represents 398 employment positions in the District. Employment losses in graphic design services were more substantial in the District than in the nation between 2001 and 2012, receding by 47 percent compared to 23 percent, respectively. Wages increased by roughly 30 percent in the District and 20 percent in the nation.

Increasing competition has contributed to the decline in employment in this subsector. New software has reduced barriers to entry; an individual working from home can now perform work that previously required an entire studio. In this competitive landscape, firms have had to operate more efficiently, cutting costs and employment in order to remain competitive. Additionally, many graphic design firms serve federal clients or nonprofits, and reduction in federal spending has limited available opportunities.

Despite these declines, the District remains a place where graphic designers can thrive. Given that many graphic designers are self-employed, initiatives targeted at making the District a friendlier place for small businesses will reduce costs for graphic designers. Moreover, by facilitating business-to-business connections for creative organizations, the District government can help graphic designers dependent on federal contracts to diversify their client base.

Employment for **interior designers**, despite being a small component of the economy, is nearly double expectations when compared to national employment in this subsector. Interior design employment is in line with other major urban areas due to a concentration of middle-class and wealthy clientele in these regions.

Interior designers in the District and in the nation witnessed losses in employment of 25 percent and 7 percent, respectively. Interior designers were hit hard by the 2008 recession because their clients had less disposable income to spend on interior design and home renovations. Wages maintained parity by increasing 45 percent in the District and 30 percent nationally, although this probably reflects the fact that the companies and individuals who stayed in the profession were the most experienced and well trained. The recession likely drove out individuals who practiced interior design on the side or as a hobby, rather than as their career. High wage growth may also be explained by an increase in business clients such as restaurants seeking unique spaces to entice customers.

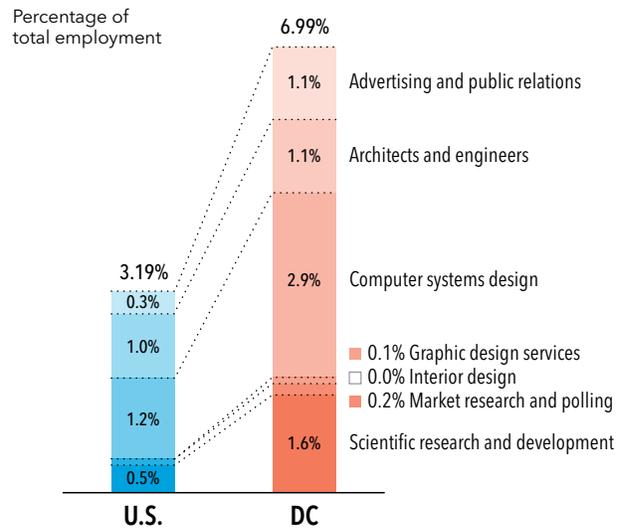
The percentage of **market research and polling service** jobs in the District is nearly double the national percentage. This is due to the high concentration of clientele such as political parties, elected officials, corporate government affairs offices and lobbying firms in the District.

Market research and polling employment suffered a loss of 12 percent compared to 6 percent for the subsector nationally. Qualitative research indicates that this is due to a change in market dynamics; many firms and other organizations are bringing market research and polling activities in-house as software becomes more user friendly and primary data ownership more valuable.

Moreover, wages for this subsector grew by 5 percent in the District and some 46 percent nationally.

Additionally, polling service needs have long been cyclical in nature, especially those catering to the political parties

B-19:
PROFESSIONAL SERVICES EMPLOYMENT COMPARISON, 2012



Note(s): Data does not include federal or municipal employment
Source(s): U.S. Bureau of Labor Statistics data

and elected officials. Presidential elections occur every four years, and the political campaigns' demand for polling is intense for those cycles. In off-year elections, polling is essential as well, but overall, demand declines.

The percentage of **scientific research and development** positions in the District is more than three times the national percentage. This is likely due to the presence of the federal government's research facilities, multiple academic research institutions and federal defense contractors in the District.

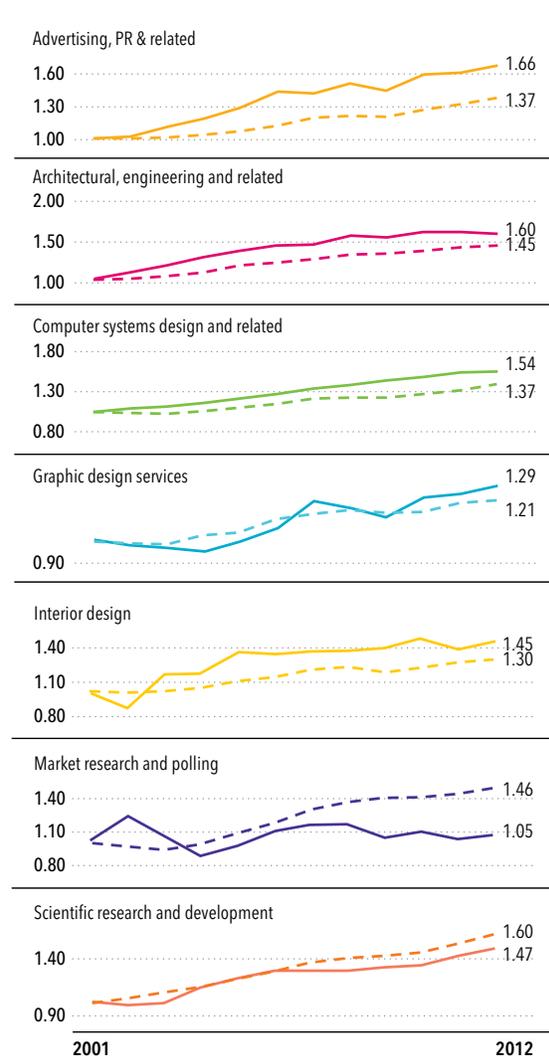
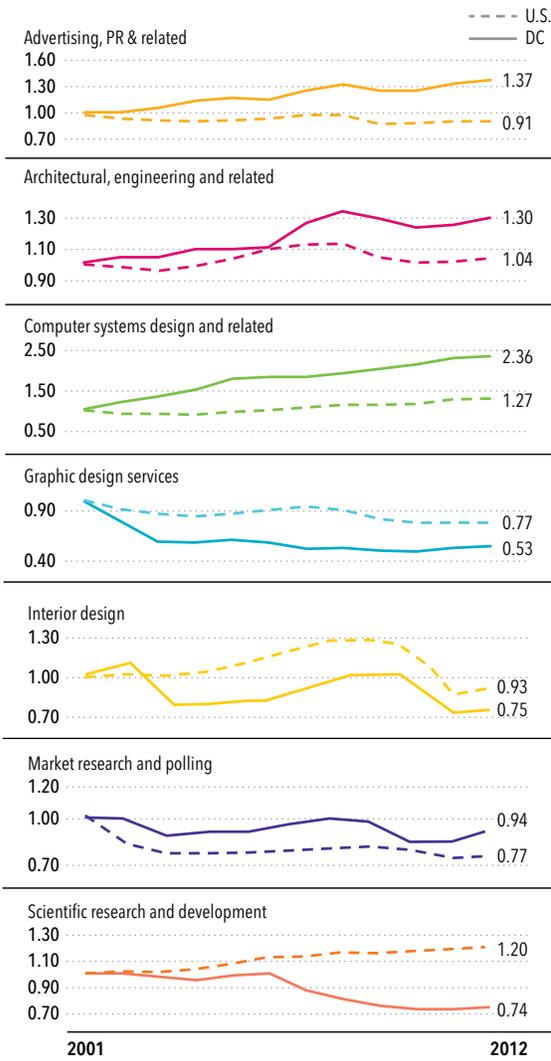
Scientific research and development in the nation increased in terms of employment by roughly 20 percent while the District saw a 25 percent loss in employment since 2001. Further, wage gains in the national economy amounted to 60 percent while the District saw a 47 percent increase in wages during the same period. Given this subsector's reliance on federal spending and other forms of grant funding, declines in funds available since 2008 have likely driven employment losses.

Although not reflected explicitly in the numbers, **fashion design** is a growing and important subsector in the District's Creative Economy. Washington is trending as a new hub of innovative fashion design after many years in the shadow of New York. Designers are employing the tactics of entrepreneurs to exploit their creativity, using pop-up stores and fashion trucks to sell their clothing and accessories to the public. Meanwhile, technical assistance programs financed through city grants are providing designers with the information they need to transform their designs into business.

B-20:
PROFESSIONAL SERVICES EMPLOYMENT AND WAGES, 2001-2012

Employment index 2001=1.00

Wages index 2001=1.00



Note(s): Data does not include federal or municipal employment; Indices represent composite metrics using the best data available, absent years are extrapolated as the average of adjacent years
 Source(s): U.S. Bureau of Labor Statistics data

EMPOWER GRAPHIC DESIGNER PASSIONATE FASHION PHOTOGRAPHER
PROMOTE TV GRAPHICS DESIGNER GIFTED SPECIAL EFFECTS ARTIST INGENUOUS
STYLIST VENTURE CREATIVE DIRECTOR INNOVATIVE ANIMATOR SUSTAINABLE
WEB DESIGNER INVENTIVE PRODUCTION MANAGERS QUALIFIED FONT
DESIGNER **NURTURE** ART AUCTIONEER SAVVY ART GALLERY OWNER MASTERFUL
SCULPTOR COLLABORATE PERFORMANCE ARTIST **ARTISTIC** TEXTILE PAINTER
ASSIST ARTISTIC FABRICATED CERAMIC ARTIST SUPPORT PRINTMAKER
CONFIDENCE COSTUME DESIGNER ENLIGHTEN FILM DIRECTOR FRESH PHOTO
EDITOR ORIGINAL FASHION DESIGNER GROW MAKEUP ARTIST VIGOROUS SET
DESIGNER AGILE CHOREOGRAPHER DEVOTED ACTOR ABLE DANCE INSTRUCTOR
ACCOMPLISHED BAKER EFFORTLESS CULINARY ARTISAN COOL TATTOO
ARTIST SIGNMAKER DEEP JEWELER CUSTOM T-SHIRT DESIGNER INSPIRED
STAINED-GLASS ARTIST AVANT-GARDE MOSAIC ARTIST TALENTED FLORIST
SAGE GLASSBLOWER CONSTRUCTIVE ART CRITIC PROFOUND FILM CRITIC
CELEBRATE ART HISTORIAN TRANSFORMATIVE ILLUSTRATOR HUB COMIC BOOK
ARTIST ENERGETIC MEDICAL ILLUSTRATOR ORIGINAL NEWS PHOTOGRAPHER
MAGNET REPORTER **CONNECT** EDITOR BOLD ARTS COLUMNIST PERCEPTIVE
CARTOONIST FRUITFUL GREETING CARD DESIGNER ASPIRE ADVERTISING
DESIGNER BUILD ART TEACHER POWERFUL FURNITURE DESIGNER BRIGHT
LANDSCAPE DESIGNER INTELLIGENT ARCHITECT HIP ENGINEER RISK
INTERIOR DESIGNER VISIONARY AUTOMOBILE DESIGNER ENDOWED PRODUCT
DESIGNER **CLEVER** PACKAGING DESIGNER SHARP WAITER INVENTIVE CODER
ADROIT COMPUTER SOFTWARE DEVELOPER GUIDE INFORMATION SECURITY
ANALYST DYNAMIC DATABASE ADMINISTRATOR **VALIDATE** MARKET RESEARCH
ANALYST OPPORTUNITY MERCHANDISE DISPLAYERS SERVE PRODUCERS TOUGH
ATHLETES THRIVE COACHES ROBUST UMPIRES INGENUOUS REFEREES ALERT
CHOREOGRAPHERS PREPARED DANCERS ACCESS MUSICIANS CAPTIVATE
SINGERS WORTHY MUSIC DIRECTORS KEEN COMPOSERS BRILLIANT RADIO
AND TELEVISION ANNOUNCERS SKILLED PUBLIC RELATIONS STORIED
SPECIALISTS COOPERATE TECHNICAL WRITERS PROLIFIC INTERPRETERS
DEXTEROUS TRANSLATORS **FORMATIVE** SOUND ENGINEERS **PRACTICED**
CAMERA OPERATORS RESOURCEFUL ARCHIVISTS ENTREPRENEUR CURATORS
WELL-INFORMED MUSEUM TECHNICIANS CONSERVATORS BRAINY LIBRARIANS
ASTUTE LIBRARY TECHNICIANS CREATE URBAN AND REGIONAL PLANNERS
COMMUNITY CHEFS PRODUCTIVE HEAD COOKS APT FOOD PREPARERS
ENDURING BARTENDERS CAPABLE DISHWASHERS ENTERPRISING HOSTESSES
PROFICIENT BUTCHERS LAUNCH FOOD ARTISANS PARTNERSHIP **BOLD**

VISIONS,
STRATEGIES
AND INITIATIVES



VISION 1: BECOME A

Small businesses and entrepreneurs are a driving force in the Creative Economy nationally and in the District. Approximately 40 percent of creative businesses in the District employ fewer than two individuals. In fact, despite the big names in the creative space, most players in terms of sheer numbers are independent artists, musicians, caterers or designers who own and manage small businesses. In order to further expand the Creative Economy, the District must continue to create an environment in which large companies are welcome, but also continue its efforts to assist small businesses so they can prosper and entrepreneurs can translate their viable ideas into thriving startups.

Thus far, the District government has demonstrated a deep commitment to assisting startups. It has implemented programs that place the District among the top tier of startup communities in the nation. Responding to lessons learned from other startup-focused cities, the District is investing in new business models (incubators such as 1776 and Union Kitchen) and technical assistance programs (the Small Business Resource Center) to help fledgling companies grow. It is leveraging its public institutions, such as the Martin Luther King, Jr. Memorial Library, to serve as startup nerve centers for visionary new businesses, and it is providing grant funding for small businesses through programs like Great Streets. In 2012, the Ewing Marion Kauffman Foundation, a private foundation that focuses on entrepreneurship, ranked the District as first among U.S. states for attracting entrepreneurial founders of companies.

Despite these successes, opportunities remain for expanding and improving policies and programs. Much of the District's startup focus to date has been on the technology

sector. Startup energy in the District's other creative sectors – including culinary, fashion and the arts – must also be supported and leveraged.

Regardless of the sector in which they operate, creative startups and small businesses in the District face many common challenges. These include limited access to affordable space, burdensome or opaque regulatory requirements and a lack of seed funding. There are some immediate actions the District can and should take. For example, the District can facilitate networking opportunities between startups and established businesses, connecting entrepreneurs with mentors who have already been through the process of launching a business.

Many regulatory requirements, although time-consuming and difficult to meet, ensure the safety of business owners and their customers, and for these there are no shortcuts. Still, the District can take the time to understand pain points and streamline regulations where possible. District government agencies must also view themselves as partners in moving new business forward, rather than as roadblocks to expansion and dynamism.

Ultimately, the District seeks to be a place for both aspiring and proven entrepreneurs. It will achieve this by empowering businesspeople while engaging the larger corporate interests in the city. A local startup structure helps to build the city's reputation for innovation, ensuring that it remains a center for talent with big ideas. By exploiting its potential as a startup hub, the District will drive its Creative Economy forward and continue to draw inventive individuals and small businesses to the city.



NATIONAL HUB

FOR CREATIVE

STARTUPS AND

ENTREPRENEURS

STRATEGY 1: IMPROVE ACCESS TO AFFORDABLE SPACE AND RESOURCES

No other finding cuts across sectors so completely as the need for more affordable space in the District. Space is at a premium, and it remains a problem for both private sector and nonprofit institutions seeking to expand established enterprises or to unveil new ones. The District cannot expand outward and current zoning restricts it from growing upward, making the dearth of affordable space especially acute. Naturally, the price of space per-square-foot is higher in the District than in other cities in the region and nearby neighborhoods in Maryland and Virginia.

While market forces dictate the price of real estate, there are ways the District can expand access to affordable space and improve accessibility to space generally.

CANVAS/DC DEVICE LAB

ROOM TO GROW

With 6,000 square feet of floor space, CANVAS has turned a Dupont Circle office into a pulse point where entrepreneurs come together to create. Co-working is an answer to the District's space limitations, and CANVAS leads the charge for creative entrepreneurs.

CANVAS thrives by bringing out everyone's best – and their best ideas – through collaboration and cooperation. It is the petri dish for creative entrepreneurs, and its members are encouraged to share at industry

events, presentations and even in its art gallery.

A critical part of the CANVAS space is the DC Device Lab, a tech-testing hub populated with new and donated smartphones and tablets. When it comes time to try out their applications, software developers don't always have access to the wide array of devices that consumers use. DC Device Lab provides a way to test software speed, interactivity and rendering performance. Rather than owning a dozen or more devices, entrepreneurs pay a mere \$5 per hour to use them.

The Office of Deputy Mayor for Planning and Economic Development made a small investment – \$4,000 – to help get the Device Lab started. The Device Lab now offers 32 devices, with plans to grow to 40 devices in the near future.

Check out canvas.co/work.



IMPROVE
ACCESS
TO SPACE

INITIATIVES TO ADDRESS STRATEGY 1:

- ◆ **Support the creation and adoption of temporary urbanism legislation.** Vacant space can be used for short-term, “pop up” creative events. Temporary urbanism seeks to transform vacant spaces into destinations and show-cases for the Creative Economy. Proposed legislation should be developed to address the complex regulations associated with using vacant spaces in the District. It should also establish grants, programs and incentives in support of temporary urbanism.
- ◆ **Establish incentives for incubators and accelerators that provide creative organizations with shared space, shared equipment and technical assistance in growing sustainably.** The goal of an incubator or accelerator is to create an environment where new businesses and nonprofits can exchange ideas, leverage educational and technical assistance programs and networks, and share the costs for space and equipment. These new facilities or programs place a high priority on collaboration and coordination in growing companies and nonprofits. They also focus on moving entrepreneurs from incubators into offices in the community. Importantly, incubators allow the District to diversify by investing in many creative business ideas, with the idea that some of these businesses will evolve into successful companies.
- ◆ **Invest in an update to the current DC Spacefinder tool to include an expanded inventory of resources available to creative organizations and enterprises.** In order to succeed, entrepreneurs and small business owners need to focus their energy on growing their operations. There may be space available in the District that meets the needs of a business, but finding that space can be time consuming and burdensome. The District can invest in the existing Space Finder tool at CulturalDC to enable the mechanism to provide current, robust information in a user-friendly format to the broader Creative Economy community. In pursuing this initiative, the District will create a valuable device that reduces costs and saves time for owners of creative businesses.
- ◆ **Provide incentives for firms to build make/live space for use by creative individuals and organizations.** The District has many means at its disposal to encourage developers to adopt make/live models in upcoming development projects. Some of these incentives are already written into the zoning code. For example, the District offers increased density if arts usage is incorporated into a development



IMPROVE
ACCESS
TO SPACE

BROOKLAND NEIGHBORHOOD

WHERE ART INVITES OPPORTUNITY

The white letters of the word “Brookland” on the side of the Monroe Street Market building are bold and iconic, announcing your arrival in a neighborhood that has transitioned from sleepy college campus to trendy arts enclave.

Charming and diverse, Brookland has long been known for its outsize institutions, The Catholic University of America, Trinity Washington University and the Basilica of the National Shrine of the Immaculate Conception. Today, that reputation is being transformed by the vision of local developers and artists working in tandem to create a DC arts district.

The enterprising partnership of Bozzuto Group, Abdo Development and Pretzker Realty Group is upping the ante in the Northeast neighborhood with the Monroe Street Market complex. The \$200 million multiphase development includes 720 residential units, 45 town-homes, 27 artist studios and the 3,000-square-foot, multi-use Edgewood Arts Building.

The brainchild of developer Jim Abdo, this marriage of residences and artist studios serves complementary goals: enrich the city’s culture and provide new living spaces for DC’s growing population. Abdo turned to CulturalDC, the local arts incubator and consulting group, to activate the space with festivals, music performances and exhibitions.

Monroe Street Market fits neatly with nearby Art on 8th, home to Dance Place and the Brookland Artspace Lofts. Dance Place, long a pioneer in bringing arts to the city, partnered with Artspace, the Minnesota arts nonprofit, to create an arts campus with the lofts at its core. Completed in 2011, the Artspace Lofts provide 41 work-live spaces for artists as well as a community art gallery and a dance studio.

Dance Place, which has owned its building since 1986, will use its renovated facilities and theater to provide dance performances, classes and arts education programs. Beyond movement, Dance Place has been a critical leader for local arts organizations and artists in creating successful programming and economic stability.

Check out monroestreetmarket.com/arts/.

**THIS MARRIAGE OF RESIDENCES
AND ARTIST STUDIOS SERVES
COMPLEMENTARY GOALS:
ENRICH THE CITY’S CULTURE
AND PROVIDE NEW LIVING
SPACES FOR DC’S GROWING
POPULATION.**

project in certain areas. Under this initiative, the District will explore additional best practices and incentives to foster the presence of the arts in development projects and to encourage the development of make/live spaces.

- ◆ **Examine the potential for zoning districts in industrial areas that would allow residential uses above ground floor creative production uses.** By changing zoning regulations in industrial areas and allowing residential use, the District will increase affordable space for creative businesses. Industrial neighborhoods contain vacant warehouses that, with updating, could be used for a variety of arts and creative uses, including make/live space. In executing this initiative, the District government will analyze the costs and benefits of modifying its zoning regulations, including the potential for this change to impact industrial capacity. If viable, the District will work to update zoning regulations to reflect the recommendations that come out of this report.

STRATEGY 2: MAKE THE DISTRICT BUREAUCRACY FRIENDLIER FOR SMALL ENTERPRISES AND ORGANIZATIONS

Regulation has an effect on Creative Economy organizations and the broader community. While regulations ensure the safety of business owners and their customers, complex and difficult regulatory processes carry a real cost for small businesses. Not only do these processes take an entrepreneur's time away from his or her business, but inconsequential errors or processing problems delay revenue-generating activities. The District government should revise outdated or unnecessary rules, streamline processes and improve transparency to reduce the cost to small businesses. This report endorses many of the recommendations of the Business Regulatory Reform Task Force and has specifically included some of its recommendations here.

INITIATIVES TO ADDRESS STRATEGY 2:

- ◆ **Develop a program that assists creative startups and entrepreneurs in navigating regulatory processes.** During interviews, entrepreneurs, startups and arts groups encouraged the District to designate a person or office to handle specific regulatory concerns and problems for creative startups and arts organizations. This program will be specifically designed to help small businesses in the Creative Economy navigate the applicable regulatory requirements. The program will also ensure that questions are answered in a timely fashion. The early focus of this program will be on small culinary organizations, which face a number of regulations related to food and

beverage safety and quality. The program will later be expanded to include other creative sectors.

- ◆ **Create a dedicated online portal that centralizes the regulatory information most relevant for creative businesses.** A recommendation of the Business Regulatory Reform Task Force, the online portal is a great example of how technology can be employed to streamline bureaucracy, paperwork and processes. The establishment of a "one stop shop" online will allow businesses to submit required paperwork to obtain necessary tax registration, licenses and permits. There are costs associated with shifting key functions to an online portal, but there are also substantial benefits in the form of reduced data entry, improved regulatory efficiency and greater transparency for users.

DISTRICT BUSINESS REGULATORY REFORM TASK FORCE

ELIMINATING HURDLES FOR SMALL BUSINESSES

The District aims to be the most business-friendly city in the country, and regulation plays a very important role in achieving that goal. Streamlining touch points with the District government and modernizing regulations and systems are critical to creating an environment where small businesses thrive. To that end, the District government has already committed to investing in services that simplify the process for launching and operating a business in the District. In executing that strategy, the District launched a Business Regulatory Reform Task Force with two main charges: (1) Examine, streamline and simplify licensing and permitting processes and (2) Identify outdated or overly burdensome laws and regulations and recommend solutions.

The Regulatory Reform Task Force was a truly collaborative effort. Representatives from seven different agencies including DDOE, DDOT, DOH, DC Water, OP, FEMS, MPTD, PEPCO, and Washington Gas met over the course of nine months to discuss issues ranging from agency collaboration to IT systems. Ultimately, the task force released a number of recommendations in May 2014. Among these initiatives is a proposal for an online one-stop shop where businesses can apply for permits and licenses

Check out mayor.dc.gov.

REDUCE
DISTRICT
BUREAUCRACY



- ◆ **Create a streamlined and more flexible permitting process for small businesses.** The specific challenges small businesses face in navigating permitting processes have already been highlighted throughout this report. The District government must review its permitting processes with a particular focus on how to reduce red tape for small businesses.
- ◆ **Create checklists for common regulatory processes, such as the acquisition of a certificate of occupancy or a liquor license.** Many small creative organizations are challenged by the intricacies of permitting processes and the dearth of information on how best to navigate them. The end goal should be to streamline processes to make them less complex. In the short term, the District government should make its processes more transparent and user friendly. Clear checklists showing steps in the process, necessary documentation and time estimates for each step will greatly improve transparency, making it easier for entrepreneurs to move through these processes and become compliant.

STRATEGY 3: INCREASE FUNDING AVAILABLE TO BRING INNOVATIVE IDEAS TO LIFE

Entrepreneurs and startups often require financing to transform their ideas into reality. However, financing for ideas can be difficult to find, particularly for businesses in the Arts & Heritage sector of the Creative Economy. Even though resources are finite, there are strategies for providing targeted assistance for well-defined, economically viable projects. Increased funding for these types of ideas and opportunities promises to open up avenues for sector development and economic growth in the District.

THE INITIATIVES TO ADDRESS STRATEGY 3:

- ◆ **Support the DC Tax Revision Commission recommendation to revise taxation of passive income to attract new venture capital firms to the District.** The Commission recommended that the District adopt a “trading safe harbor” to generally exempt investment funds from the Unincorporated Business Franchise Tax. This change, applied only to intangible property and not real property, would position the District to attract additional investment capital for startups and early-stage companies.

- ◆ **Create a fund to provide micro-grants (up to \$10,000) to creative initiatives that will yield significant and near-term positive outcomes.** For a small business or entrepreneur, a little often goes a long way. A new fund should be established under the Deputy Mayor for Planning and Economic Development (DMPED) to support initiatives that need limited capital infusions but which hold the potential to yield measureable, immediate outcomes. The funds should be used to support both private and non-profit events and programs, with an emphasis on achievable, short-term opportunities. In order to qualify, an organization would have to use the grant funding toward a clear deliverable that is innovative within the sector or creates a positive economic impact.

NEXTGEN ANGELS

UNLEASHING THE DISTRICT'S BETTER ANGELS

NextGen Angels' success comes from the fact that its members, all startup visionaries themselves, just get it. NextGen Angels strive to be the most entrepreneur-friendly investors in the world. The organization's philosophy – “never waste the time of entrepreneurs” – leads the group to turn around investment decisions in weeks, not months.

Once an investment is made, startups have access to the group's network of 70 members.

After just one year, NextGen Angels had funded eight DC-area companies, with average early-stage investments hovering between \$200,000 and \$300,000. Some of the notable local startups included Dashboard, Apx Labs, SocialRadar, Speek and Spinnakr.

Its membership is exclusive and young – all under age 40. DC technology leaders like Michael Chasen of Blackboard and SocialRadar and Eric Koester of Zaarly are just a few of the big names in the group. And NextGen Angels has a steadfast formula: Every member provides support to a startup if 10 or more members decide to invest in the firm.

Check out nextgenangels.com.

EXPAND
ACCESS
TO CAPITAL





EXPAND
ACCESS
TO CAPITAL

UNION KITCHEN

COOKING UP JOBS AND JOB CREATORS

Baba's Pickles, 2Armadillos, Café Diem and Thunder Pig Confectionery aren't household names yet, but they may be well on their way. Innovative small businesses like these make up the membership of Union Kitchen, the District's leading culinary incubator.

Union Kitchen gives District businesses a leg up by offering them access to a low-cost, low-risk, full-service commercial kitchen. Housed in a 7,300-square-foot warehouse near Union Station, Union Kitchen eliminates the need for small businesses to take on debt, purchase expensive equipment, sign long-term leases or assume many of the other risks usually required of culinary startups.

The incubator also assists culinary entrepreneurs in bringing their products to market. By pitching members' products to stores and markets and by helping coordinate sales and deliveries, Union Kitchen makes it easier and more cost-effective for both businesses and consumers.

UNION KITCHEN OFFERS ACCESS TO A LOW-COST, LOW-RISK, FULL-SERVICE COMMERCIAL KITCHEN FOR DISTRICT BUSINESSES TO ESTABLISH AND GROW THEIR OPERATIONS.

When Union Kitchen initially requested grant funding from the Office of the Deputy Mayor for Planning and Economic Development, this culinary incubator already had a track record of success. Before seeking funding from the District, Union Kitchen incubated 55 businesses and created 300 jobs. Union Kitchen made a strong economic case for investment: a \$250,000 grant would allow Union Kitchen to open a second incubator, creating 1,500 jobs, 250 businesses and expanding the tax base by \$2.5 million within five years.

As part of the agreement, the District launched a partnership with Union Kitchen to train District of Columbia residents to work in commercial kitchens and to open their own businesses. The culinary-incubation partnership creates jobs and jumpstarts businesses by providing the skills needed for the food-service industry.

Through its DC government partnership, Union Kitchen founders Jonas Singer and Cullen Gilchrist are teaching vital kitchen-staff skills to District residents facing barriers to entering the workforce through DC employment programs like Project Empowerment. In addition, several participants in the new DOES entrepreneurial-training program will incubate their culinary businesses at Union Kitchen.

Check out unionkitchendc.com.

VISION 1:



ECONOMIC IMPACT MODELING FOR SELECT INITIATIVES

THE IMPORTANCE OF SMALL BUSINESSES

Small businesses (1 to 49 employees) have proven to be a major contributor to employment, representing more than 40 percent of all positions nationwide, according to the ADP Research Institute. Small businesses play a particularly critical role in the Creative Economy, which could not thrive without entrepreneurs willing to take risks to bring their ideas to life. Many individuals within the Creative Economy, from independent musicians to graphic designers, are self-employed and run their own small businesses. Beyond their direct economic contribution, small, local creative organizations provide the District with a distinct culture that makes it an attractive place to live, work and visit.

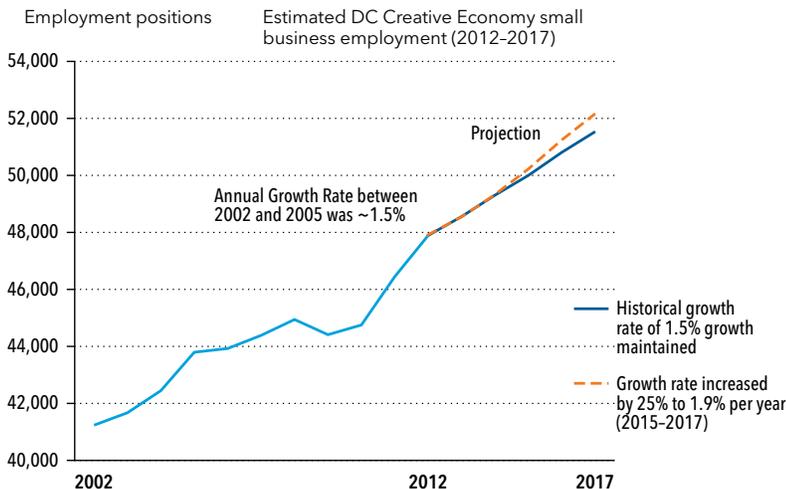
Given the large proportion of employment attributed to small businesses, growth in small business employment can have a significant impact on the District's economy. This

analysis relies on the following assumptions:

- Roughly 40 percent of historical Creative Economy employment is driven by small businesses (based on national averages)
- Without intervention, future Creative Economy growth will match historical growth at 1.5 percent per year

If this growth rate is maintained, small businesses will contribute roughly 50,000 jobs to the District economy by 2017 (as compared to roughly 47,000 in 2012). Increasing this growth rate by even a marginal amount (25 percent) to 1.9 percent over the same time period, would create some 550 positions by 2017. Given that a Creative Economy employment position contributes an estimated \$2,000 to the District's tax base, this increase in growth would add about \$1.1 million to the District's tax base by 2017 (*Exhibit C-1*).

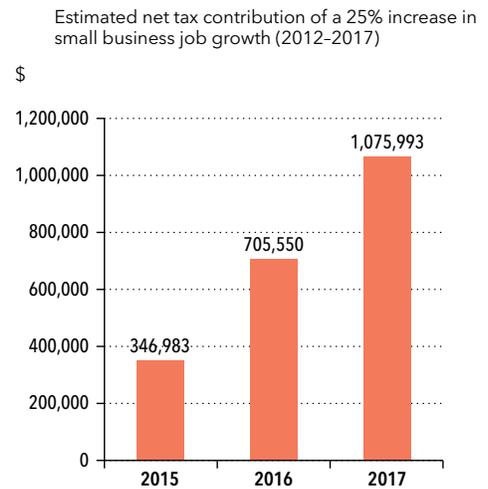
A MARGINAL INCREASE IN SMALL BUSINESS EMPLOYMENT GROWTH...



Note(s): Assumes 40 percent of Creative Economy employment driven by small businesses
 Source(s): Analysis of Bureau of Labor Statistics Data; ADP Research Institute National Employment Report data (2006-2012)

C-1:

...CAN HAVE A SIGNIFICANT IMPACT ON THE TAX BASE IN THE SHORT TO MEDIUM TERM



Note(s): Estimates marginal value of job growth over historical growth rate; All figures displayed in 2014 dollars; Average tax contribution of \$1,949 per position is net of public expenditures, such as the cost of providing public school education
 Source(s): Analysis of U.S. Bureau of Labor Statistics data

There are a number of factors that, if addressed, could promote small business growth – lack of access to affordable space, overly burdensome regulations, complicated regulatory processes and limited funding, to name a few. By addressing these issues, the District government can expand its creative industries, create jobs and increase its tax base.

HELPING STARTUPS GET OFF THE GROUND

Incubators and accelerators have proven to be highly effective at promoting the growth of startups. Incubators and accelerators accept a limited number of startup organizations into their programs and provide selected entrepreneurs with shared space and resources, technical assistance, connections and, in some cases, financing. Increasing the number of institutions providing shared space and other resources stands to benefit small enterprises and startups across creative industries in the District.

Successful incubators and accelerators can have a significant, positive impact on the District’s economy by effectively assisting entrepreneurs in expanding their businesses.

Exhibit C-2 demonstrates the 10-year economic impact of a tech incubator operating in the District. Since opening, this organization has incubated 183 businesses and has created 267 jobs. According to the model, the 10-year net present value (NPV) of tax revenues contributed by this incubator is just above \$16 million.

PROVIDING SPACE AS STARTUPS EXPAND

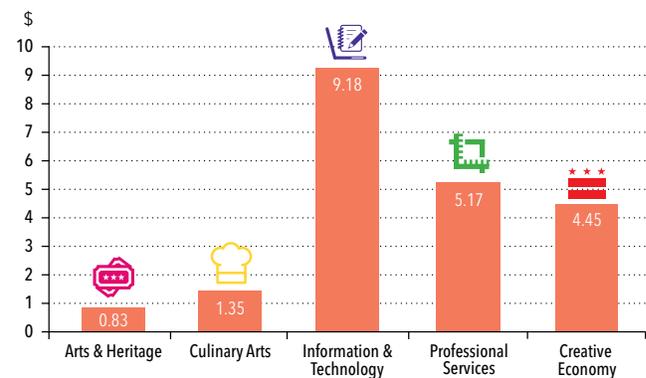
Often, the space successful startups use early on in their development, whether in an incubator or elsewhere, is not

sufficient to support their growth as they expand. Thus, in order to grow, small creative businesses and nonprofits need access to affordable space.

Increasing the total square footage occupied by creative businesses has a direct positive economic impact, particularly if the space would have otherwise been vacant. Expanding into a larger space often means a business can, or must, hire more staff and may also provide an opportunity for increased sales.

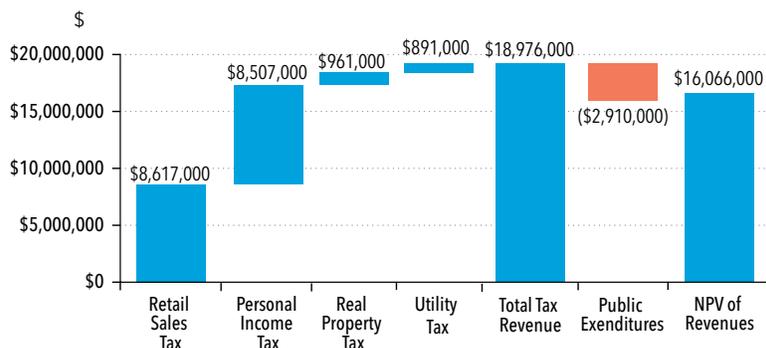
Exhibit C-3 provides an estimated value per square foot of occupied space for each Creative Economy sector. These figures use an industry average of jobs-per-square-foot and multiply this number by the average tax contribution of an employment position in each creative sector.

C-3:
ESTIMATED NET TAX CONTRIBUTION PER SQUARE FOOT OF OCCUPIED SPACE



Note(s): Average tax contribution are net of public expenditures (e.g. the cost of providing public school education)
Source(s): Analysis of U.S. Bureau of Labor Statistics data

C-2:
ESTIMATED 10-YEAR NET TAX CONTRIBUTION OF A DISTRICT-BASED TECHNOLOGY INCUBATOR



Note(s): Public expenditures accounts for includes the cost of public school education in addition to other public service costs
Source(s): Analysis of U.S. Bureau of Labor Statistics data

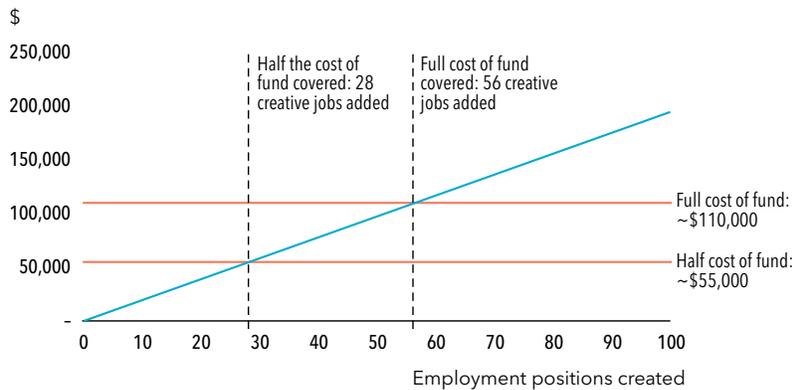
INCREASING ACCESS TO FINANCING

For small business and entrepreneurs, a little can go a long way in bringing ideas to life. However, opportunities for small grants are currently limited. Providing micro-grants (up to \$10,000) to small businesses or nonprofits can help push them to the next level and is particularly effective if funding is allocated toward achieving a targeted outcome or deliverable.

However, even a small fund has a real cost that the District must consider, both in terms of the grants provided and the cost to administer the fund. One way to cover the cost of the

fund is to prioritize grantee applications proposing projects that will have a positive impact on employment. Thus, the District should consider recovering some of its cost through job creation, although it may not be feasible to cover the entire cost of the fund in this manner. With a \$100,000 fund carrying a 10 percent cost of overhead, the District government could provide about 15 grants. In order to cover half the fund's cost (\$55,000), grantees would collectively need to create around 28 creative economy jobs (some 1.8 per grantee). In order to cover its full cost (\$110,000), grantees would have to create 56 creative employment positions, about 3.8 per grantee (*Exhibit C-4*).

C-4:
ESTIMATED NET TAX CONTRIBUTION OF \$100,000 MICRO-GRANT FUND WITH 10% OVERHEAD COSTS BY EMPLOYMENT POSITIONS CREATED



Note(s): Average tax contribution of \$1,949 per position is net of public expenditures (e.g., the cost of providing public school education)
Source(s): Analysis of U.S. Bureau of Labor Statistics data

VISION 2:

B E C O M E A

A healthy and diverse business community, with Creative Economy corporations broadly represented, is essential to the District's long-term economic health. When large corporations shift their offices and headquarters to the District, they bring relocated employees, create jobs for District residents and add to the District's tax revenues. Most importantly, once in the District, creative corporations can develop additional industries, diversify the District's economy and provide new opportunities for its workforce.

A number of factors drive large corporations to move into and expand within the District. Among these are the District's strong base of clients, including federal agencies, nonprofits and NGOs; a highly skilled workforce; and financial incentives provided by the District government. The District has leveraged these strengths, giving it a solid track record in recruiting corporations to move their operations to Washington.

STRONG CLIENT BASE

The District has a more recession-proof economy than most cities because of its substantial financial ties to the federal government. It is also relatively easy for workers in the District to move within and across industries, which allows Washington to keep more of its workers and not lose them to jobs outside the city. The District's economic resiliency means that its consumers have the resources to purchase from creative organizations, even as other regions experience significant economic downturns.

The high concentration of federal agencies, nonprofits and NGOs provides quick and easy access to large clients operating in the public sector. Although public sector

organizations are not traditionally thought of as "creative," many public sector entities look to creative enterprises for services, from IT system updates to website design. By establishing themselves in the District, Professional Services firms – and other creative organizations that have not traditionally served public sector clients – position themselves for tremendous opportunity for growth.

The District also offers access to corporate sales and government affairs offices, which provides some Creative Economy organizations opportunities for both new work and philanthropy. Many corporations that do not provide goods and services to the federal government maintain a DC presence in order to preserve positive relations with federal policymakers and to serve nearby clients. These District offices serve as gateways for potential partnerships between local businesses and corporate headquarters elsewhere in the country or world. Indeed, the District is home to the country's only business accelerator focused exclusively on enterprise, or business-to-business, companies.

The District's knowledge-based economy, coupled with the large number of federal and government-contracting employees, has kept wages high – and steadily climbing. Federal workers have traditionally had higher wages than those found in other sectors, and federal contractors' wage scales are more generous because they typically bring specialized knowledge and skills to their positions. The U.S. Bureau of Labor Statistics reports that the District had an estimated 665,850 jobs in May 2013, with a mean hourly wage of \$37.04 and a mean annual wage of \$77,040. (The national means were \$22.33 and \$46,440, respectively.) In May 2012,



MAGNET

FOR CREATIVE

CORPORATIONS

there were 653,760 jobs in the District, with a mean hourly wage of \$36.51 and a mean annual wage of \$75,950. High wages result in greater disposable income, meaning District residents and those in the surrounding metropolitan area have the financial means to purchase products and services offered by creative businesses.

HIGHLY SKILLED WORKFORCE

Washington has become a destination for young workers leaving college or looking for an early career change. Many of these workers come to the District for skills they can acquire only through employment at the White House, Congress, federal agencies, think tanks or other strategically important institutions in the nation's capital. The District was named the top city for finding a job after graduation in 2013 by Indeed.com and Apartment Guide. And recent population surveys show that more than one-third of the District's population is under 35. For many creative businesses, this kind of flexible, energetic and uniquely experienced workforce offers tremendous value and appeal.

FINANCIAL INCENTIVES

To attract Creative Economy businesses, the District has established tax incentives and grants to offset costs for relocation and investment. District officials have committed to building the Creative Economy through targeted grants and tax breaks in a number of areas – most recently, technology. These incentives are designed to offset the expenses of relocation and investment, and they have proven effective in recruiting Creative Economy businesses.

By opening its doors to the technology sector, an important Creative Economy cluster, the District now has more than 2,100 technology businesses. In 2012, *Forbes* magazine ranked the District as the second best city for technology jobs. Today, there are some 22,000 technology jobs in the District, and engineers make up a larger share of the labor force in the District than in any state in the country.

These three factors, a client base, an educated workforce and financial incentives, have helped attract a long list of national companies to the District in recent years, among them Walmart, Whole Foods and Microsoft. There are limits, of course, in what can be done to attract new companies. However, by building on its natural advantages, the District can continue to secure relocation and investment commitments from Creative Economy companies.

STRATEGY 1: CULTIVATE A WORKFORCE THAT IS ATTRACTIVE TO CREATIVE CORPORATIONS

Creative industries foster and demand skills that are transferable across industries. Of particular value to creative organizations are employees with specific competencies (such as communications, the ability to work in team settings and open-ended problem solving) combined with technical expertise (such as computer coding, design, marketing or social media). Young workers who come to the District for employment with the federal government or nonprofit organizations often develop some subset of these skills early in their careers. Since these individuals frequently move between the public and private sectors and across industries and clusters, they provide an expertise that appeals to creative companies considering relocation to the District.

At the same time, the District is identifying where there is unmet demand for particular job skills, such as for low-wage workers in the Culinary Arts. By providing effective training programs, the District government can fill corporate demand for labor in these subsectors while providing employment opportunities for residents who do not have advanced degrees.

GENERAL ASSEMBLY

A MODEL FOR TRANSFORMATIVE LEARNING IN THE 21ST CENTURY

Transforming thinkers into creators may be a tall order, but it's the kind of challenge General Assembly welcomes. The global education institution offers full-time immersion programs, part-time classes and online workshops and events in 1776, the District's top technology incubator.

General Assembly's courses are custom-made for students transitioning from one industry to another or leveling up between jobs. Courses range from web development and user experience design to business fundamentals and digital marketing, and they're taught by skilled professionals who offer real-world, hands-on training. But the training doesn't begin and end with hard skills. General Assembly also prepares students to search for jobs and leverages its strong networks to place students in positions with local tech firms as they venture into new career paths.

Check out generalassemb.ly/washington-dc.

CULTIVATE
A CREATIVE
WORKFORCE





DC CENTRAL KITCHEN

GROWING THE CULINARY WORKFORCE

An innovative collaboration between the District's Workforce Investment Council (WIC) and the DC Central Kitchen is helping lift DC residents out of unemployment by providing them with culinary-arts training in preparation for new jobs.

In October 2013, the city launched a job-placement program to put some 200 District residents in hospitality and culinary positions. As a first step, the District selected a private-sector placement partner – Hospitality Connections – to work with job-seekers and employers to place 200 eligible District residents in hospitality positions. Shortly thereafter, the District launched a \$700,000 grant program, providing performance-based funding for the creation of culinary and hospitality training programs.

Once fully implemented, these training programs will give District residents the skills required to work in the culinary arts and hospitality industries. DC Central Kitchen – one of two grant recipients – already has a proven track record in the culinary training space. For more than 22 years, the DC Central Kitchen has provided culinary-arts training, job-readiness education and job-placement assistance to the unemployed.

DC Central Kitchen's Culinary Job Training Program is a 14-week training initiative where unemployed and underemployed individuals learn basic culinary and job-readiness skills. In 2013, 85 students graduated from the program, and 90 percent of them were placed in jobs. The average hourly starting wage was \$10.48.

Employer-targeted job training and placement allows the District to connect unemployed residents with opportunities in the thriving hospitality and culinary arts sectors. The program also gives these industries the necessary staff to avert employee shortages and continue their steady growth.

This initiative serves a dual purpose: reduce unemployment while also providing an important industry with the talent critical to its growth. Restaurants have been and will continue to be a major driver of growth in the local Creative Economy. Meeting their ongoing need for trained and talented food and beverage professionals is necessary to keep pace with the burgeoning District demand for new restaurants and bars.

Check out dcentralkitchen.org/cjt/.

EMPLOYER-TARGETED JOB TRAINING AND PLACEMENT ALLOWS THE DISTRICT TO CONNECT UNEMPLOYED RESIDENTS WITH OPPORTUNITIES IN THE THRIVING HOSPITALITY AND CULINARY ARTS SECTORS.

INITIATIVES TO ADDRESS STRATEGY 1:

- ▶ **Create a program to encourage university graduates to work in creative enterprises in DC.** Today, nearly 50 percent of the District's 28,000 graduate students remain in the city after graduation. With the proper mechanisms and incentives in place, the District government can encourage even more graduate students to add their skills to the local Creative Economy. Graduate students are particularly well positioned to expand the District's tax base, as they often demand higher paying jobs. The labor market data firm EMSI, in an analysis done for *The Atlantic* magazine, estimated that the average hourly wage for graduate students in the Washington, DC, region was \$40.46. In comparison, the average hourly wage for all workers is \$23.96 for the Washington, DC, region and \$37.04 for the District. This has been a successful approach in other cities, such as Philadelphia, and it would help retain the talent that is being trained every year in the District.
- ▶ **Provide seed capital for an education transition program to prepare established workers for new careers in creative sectors.** Strategically important institutions – including the White House, federal agencies and Congress – draw workers from across the country to Washington. With the right training, these workers, many of them young college graduates, are in a position to contribute significantly to the District. Education programs such as General Assembly at 1776, the DC technology incubator, are effective in retooling workers skills to meet the employment needs of Creative Economy industries. With a well-designed transition program focused primarily on the skills gained from working in entry-level federal government positions, these individuals can shift their talents to growing, complementary creative sectors such as marketing, advertising and public relations.
- ▶ **Develop a stronger bench of talent in the broadcast and digital media space by creating increased training, educational and apprenticeship opportunities.** Historically, the District has not focused on the broadcast and digital media industry as a driver of economic growth. However, with District offices recently opening for several trailblazers – notably CBS Radio and Pigmental – this creative sector is drawing increased attention. The broadcast and digital media industry is well positioned for growth, and coordinated investment in relevant training and apprenticeship programs could help the District cultivate the talent needed to attract additional outlets and production companies.

- ▶ **Expand existing workforce development programs to prepare local residents for careers in hospitality and the Culinary Arts.** The Culinary Arts cluster is booming in the District, and the analysis and interviews show there are too few workers to fill entry-level and management positions in local food-service facilities. These shortages have been identified as a top challenge, according to restaurant experts. The District is developing targeted training and apprenticeship programs to inject new human capital resources into the culinary industry
- ▶ **Organize an annual Hire Creative event, coordinating with local universities and agencies to recruit workers and publicize opportunities.** Effective implementation of the Creative Economy Strategy will ensure the DC labor force is equipped with skills required to thrive in creative industries. However, the work does not stop there. The District should go one step further by facilitating the

PIGMENTAL

ANIMATING DC'S FILM INDUSTRY

When thinking about the animation industry, the District is probably not the first place that comes to mind. In 2014, Pigmental, a brand new animation studio, set out to change that perception by choosing Washington, DC, as its home base. By establishing its headquarters in DC, Pigmental brought a wealth of experienced talent from across the country ready to produce world-class animated content in the District.

Pigmental considered a number of locations before selecting the District. In DC, Pigmental's owners saw the opportunity to try what others had never considered – building an entirely new industry in a town known to outsiders for its conservative government institutions.

Pigmental's arrival, encouraged by financial incentives from the District, is the first stage in building a film animation industry in Washington. Under Director Pierre Bagley, the Office of Motion Picture and Television Development (MPTD) has focused on elevating the District's national and international profile in the entertainment industry. MPTD hopes to continue this trend, wooing more companies in the animation industry as well as in film post-production to make the District a magnet for film and entertainment.

Check out pigmentalstudios.com.

**ATTRACT
NEW
BUSINESS**





ATTRACT
NEW
BUSINESS

MICROSOFT INNOVATION CENTER

BRINGING INNOVATION TO ST. ELIZABETHS

Microsoft, Inc., the global software giant, cast its fortunes with the District of Columbia when it decided to house one of its Microsoft Innovation Centers (MICs) at the city-owned east campus of the former St. Elizabeths Hospital in Congress Heights.

A state-of-the-art facility, the center will offer a comprehensive set of leading-edge technology, tools and services to startups, local governments, students and job seekers to foster innovation, collaboration and economic growth.

The center, which is one of more than 100 innovation facilities in some 80 communities worldwide, would be the second MIC in the United States (the first was opened in spring of 2014 in Miami). Other global centers are concentrated in Brazil, Eastern Europe and India. Microsoft officials say the DC center will initially focus on computer literacy for DC students and job applicants. The three goals of the center will be to improve educational outcomes, entrepreneurship and employment. It will also drive job creation and increase the number of skilled technology specialists.

When it opens, the community-focused center will bring expertise and resources to the District, while also providing student training and startup incubation in collaboration with local companies and DC government.

The center will build on the relationship already established between Microsoft and the District. Announced in January 2012, the "Digital Alliance," a strategic partnership between Microsoft and Washington, DC, supported the DC Department of Employment Services (DOES) in providing training on basic technology tools to participating residents and increasing access to technology resources for DC Public Schools' teachers and students.

By combining Microsoft's digital and training assets with targeted District programs, the city has and will continue to empower residents and students with world-class training and state-of-the-art technology.

Check out microsoftinnovationcenters.com.

THE THREE GOALS OF THE CENTER WILL BE TO IMPROVE EDUCATIONAL OUTCOMES, ENTREPRENEURSHIP AND EMPLOYMENT.

matching of individuals with employment opportunities. To that end, the District will host an annual Hire Creative event, a job fair focused on the creative sectors. This event will be a joint effort between the District, creative organizations, and local universities. It will benefit job seekers while reducing the costs of recruiting for creative businesses looking to hire talent.

STRATEGY 2: PROVIDE INCENTIVES FOR CREATIVE CORPORATIONS TO LOCATE IN THE DISTRICT

Washington has succeeded in bridging the Creative Economy divide, bringing a number of cutting-edge software, digital media and culinary arts companies to a city traditionally known for its deep bench of federal contractors and lawyers. But the work doesn't stop there. The District is determined to expand its already flourishing Creative Economy by recruiting companies across creative sectors to DC. The District has had tremendous success growing its technology sector through strategic investments and incentive programs. It should take a similar approach with the broader Creative Economy, providing financial backing and other incentives to ensure that creative corporations continue to make the District home.

INITIATIVES TO ADDRESS STRATEGY 2:

- ◆ **Refocus the current DC film incentive program to reflect changes in the industry.** DC's Film Economic Incentive Fund was established to attract out-of-state production companies to the District for filming. It subsidizes operational costs associated with traditional filming. However, like most creative sectors, this industry has seen advances in technology and many of today's movies are developed using digital software rather than filmed on cameras. Digital video and animation companies offer huge potential benefits for the District's economy. Where a short-term film production can wrap up in as little as a few weeks, indigenous digital production requires infrastructure investment and creates longer-term jobs. Since it is difficult for the fund to offer financial incentives outside of traditional film, the District government should revise the fund's requirements to provide the flexibility needed to respond to the film industry's evolution and to support DC-based content creators.
- ◆ **Leverage existing incentive programs with a focus on attracting creative corporations.** The District government has already put a number of incentive programs in place to bring creative corporations to the District. These include

grant programs such as Great Streets and a variety of tax incentives originally directed at the technology sector. Given the large number of businesses that cross technology with other creative sectors, these existing incentive programs provide an effective mechanism for expanding the Creative Economy. For specific creative technology sectors poised for growth – such as the digital media sector – the District government should consider how to leverage existing incentive programs so they have the greatest impact. Steps should also be taken to ensure that creative businesses operating within the District's borders know about and are taking advantage of these programs.

- ◆ **Create a revolving loan fund to incentivize creative enterprises to establish long-term facilities in the District.** A revolving loan fund would allow the District to make strategic investments in Creative Economy projects and companies while guaranteeing a respectable return on such investments. Through the fund, the District would provide sizeable loans (\$1 million and \$5 million) to large corporations operating within its boundaries. Examples of such companies include film and video post-production facilities, both of which require significant up-front investment. The fund should be between \$10 million to \$20 million to provide substantial enough loans to catch the interest of companies considering establishing operations in the District. The fund must be designed so the city's rate of return is appropriately risk-adjusted, allowing the District to act as a prudent steward of public funds while diversifying the economy.

STRATEGY 3: PROMOTE THE DISTRICT'S EMERGENT CREATIVE ECONOMY TO ATTRACT NEW BUSINESSES

The diversification of the District's business community over the last decade has enabled the District to expand its economy, grow its labor pool and create startups and businesses in the Creative Economy. But the District can do even more to tell its story of growth and economic revival. Despite its successes in diversifying its economy, the District is still viewed as a "company town" ruled by the federal government. The District government should take steps to promote the city's numerous creative assets and growing base of local talent in order to attract creative companies and individuals.

INITIATIVES TO ADDRESS STRATEGY 3:

- ◆ **Highlight creative organizations and individuals in the District through existing promotion vehicles, such as the Digital DC campaign.** To date, the District has not focused

on publicizing its economic renaissance and the growth of Creative Economy businesses and startups. The recent Digital DC campaign is designed to promote the District's innovative technology sector, including at the popular South by Southwest (SXSW) festival in Austin. Digital DC proved very successful and illustrates how the District can use its business development achievements to successfully recruit new companies. The District should leverage existing Digital DC promotional assets such as its website, press releases and events to emphasize the creative sectors within the technology arena. Greater investments in these promotional tools will help economic development officials promote the District's vibrant Creative Economy and replace its image as a federal town.

- ◆ **Develop promotional materials and a team of DC private-sector ambassadors focused on attracting creative businesses.** The District is home to successful business leaders in many professions within the Creative Economy, from chefs to filmmakers to software developers. These

individuals represent the best of the best, have broad connections within their respective industries and are well positioned to improve the District's image within creative communities nationwide. To highlight the District's diverse business community, the District should recruit these major players to serve as ambassadors, particularly for new businesses in corresponding industries that are showing interest locating in the District.

- ◆ **Stage a global creative economy conference to bring heightened awareness to one of the District's creative sectors.** Many individuals and organizations living outside of the District still perceive DC as a conservative city dominated by federal institutions. The District should take proactive steps to change this image through marketing and branding its Creative Economy. Conferences in other cities – such as the South by Southwest conference in Austin – have contributed to the development of a city brand that attracts the attention of talent and enterprises alike. The District should leverage a similar approach by hosting an international conference with a specific focus on one of its thriving creative sectors in order to put DC on the creative map.

DIGITAL DC

SHOWCASING THE DISTRICT'S DIGITAL LIFE

When the District government launched its Digital DC effort, it wasn't fanciful or even aspirational. Washington already had a burgeoning digital media and technology community, but nobody really knew it.



PROMOTE DC'S CREATIVE ASSETS

The Digital DC Initiative is designed to tell Washington's technology and digital media story through an inventive, targeted advocacy campaign and a dynamic website, DigitalDC.com. It is equal

parts tech recruiting tool and information initiative.

The Digital DC Initiative includes a venture fund, offering grants of between \$25,000 and \$200,000 to tech startups that locate along a new tech corridor that extends from the intersection of 7th Street and New York Avenue to Kansas and Georgia Avenues Northwest.

One of the fastest-growing cities in the United States for new technology companies, the District is home today to 989 tech enterprises and was named the #1 New Tech Hot Spot by Forbes in 2013. It has also become a center for tech networking, with events and networks such as Tech Cocktail, Women in Tech and DC Tech Meetup.

Check out digitaldc.com.

CHALLENGE CUP

THE RISE OF STARTUPS

It's global. It's entrepreneurial. It's aspirational. It's the 1776 Challenge Cup.

Supported by a \$180,000 grant from the District government, the Challenge Cup hosts competitions in 16 cities around the world, identifying and celebrating the most promising startups in four critical areas: education, health, energy and smart cities.

Companies must post less than \$3 million in revenues, be less than three years old, have raised less than \$1.5 million in capital and have a scalable product in the market.

Eight U.S. cities joined the Challenge Cup: Austin, Boston, Chicago, Denver, Los Angeles, New York, San Francisco and Washington, DC. Also onboard were Beijing, Berlin, Cape Town, London, Moscow, New Delhi, Sao Paulo and Tel Aviv.

The worldwide competition culminated in a weeklong festival in the District. The first Challenge Cup winner was Handup, a company that uses crowdfunding to help the homeless.

Check out challengecup.1776dc.com.

PROMOTE DC'S CREATIVE ASSETS





ECONOMIC IMPACT MODELING FOR SELECT INITIATIVES

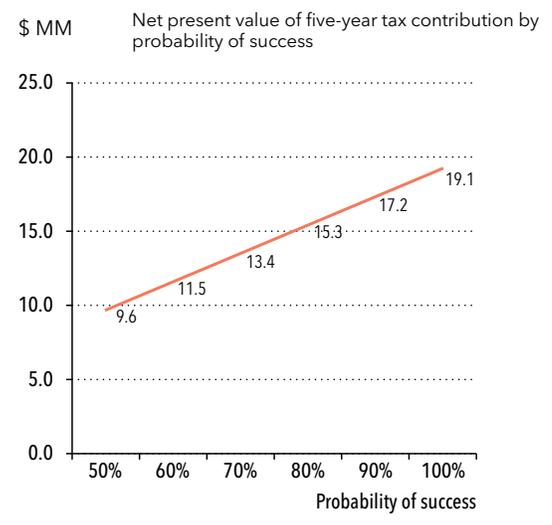
THE IMPACT OF LARGE CORPORATIONS LOCATING IN THE DISTRICT

When large corporations shift their offices and headquarters to the District, they bring employees from other places, create employment opportunities for District residents and add to the District’s tax revenues. In addition, by establishing offices in the District, creative organizations can develop new industries, diversifying the District’s economy and providing new career opportunities for its residents. Equally important, large corporations provide a base of support for other smaller, creative organizations through charitable donations, volunteerism and sponsorship programs.

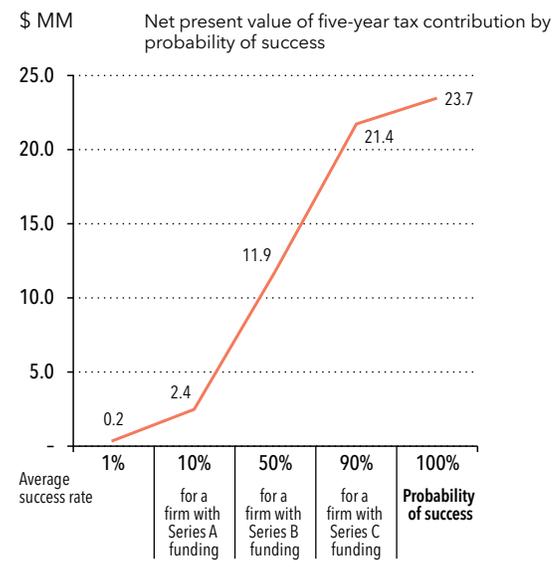
However, even with large firms, there is no guarantee of a successful transition. When determining the level and types of incentives to attract a firm to the District, government officials must properly account for the risk that any single company may downsize or shut its DC-based office. The models below demonstrate how uncertainty could impact the value of two large firms’ tax contributions.

- ◆ **Scenario 1** models the tax-revenue impact of a large, multinational innovation facility establishing its headquarters in the District based on incentives provided through a public/private partnership. The model displays how the assessed value of the firm varies, depending on the probability of a successful partnership. If the company remains in the District more than five years (denoted by 100 percent probability of success on the x-axis), it would contribute an estimated \$19.1 million to the District’s tax base over that time period (*Exhibit C-5*).
- ◆ **Scenario 2** models the tax-revenue impact of a large Internet firm backed by outside investors locating in the District. The average success of such a firm will vary depending on what round of financing it has received (i.e., Series A, one round of financing; Series B, two rounds of financing; and Series

C-5:
SCENARIO 1: LARGE MULTINATIONAL THAT LOCATES AN INNOVATION FACILITY WITH 500 NEW EMPLOYEES OVER FIVE YEARS



C-6:
SCENARIO 2: LARGE INTERNET FIRM THAT ADDS 1,000 LOCAL JOBS OVER FIVE YEARS



Note(s): Tax contribution is net of public expenditures, such as the cost of providing public school education or transportation services
Source(s): Analysis of Bureau of Labor Statistics data

C, three rounds of financing). The probability of success increases with each subsequent round of financing. If successful through a five-year period (denoted by 100 percent probability of success on the x-axis), this company would contribute an estimated \$23.7 million to the District's tax base over that period (*Exhibit C-6*).

Given the significant economic impact demonstrated by these figures, it makes sense for the District to focus on attracting large firms as a part of its economic development efforts. A number of factors impact location decisions, including cost, the quality and quantity of local talent (or available amenities that will draw talent from other locations) and direct incentives provided by local government.

CULTIVATING A TALENTED WORKFORCE

The District's workforce is one of its most valuable assets to attract corporations. As the District looks to grow its talent base, retaining graduate students who pursue their education in the District represents an opportunity with high potential for impact. The District already has a large base of graduate students (some 22,000) with degrees that will position them to work in creative industries. Given that many of these individuals already reside in the District, providing them with opportunities to stay should be easier and less costly than attracting new individuals from other regions.

By retaining a segment of these students after graduation, the District can grow its population of young professionals, providing a talent pipeline for creative industries and greatly increasing tax revenue. *Exhibit C-7* estimates the economic impact of increasing graduate retention. If annual graduate

student retention is increased by 1 to 5 percent in a single year, the net present value of retaining those individuals over a 10-year period ranges from \$9.1 million (1 percent) to \$45.6 million (5 percent).

LEVERAGING LABOR MOBILITY TO DRIVE ECONOMIC GROWTH

The District boasts a large proportion of Millennials (born between 1980 and 2000). These individuals are both highly educated and professionally mobile. In fact, according to a study done by Future Workplace, 91 percent of Millennials plan to stay in a job for less than three years.

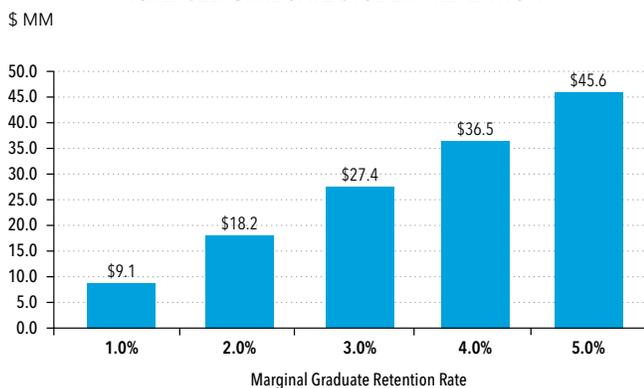
Labor mobility presents both a risk and an opportunity. As young professionals transition between jobs, they may choose to leave the District in search of other opportunities. However, the District can retain workers and leverage labor mobility to drive economic growth by providing resources to support job transition. Specifically, by facilitating the transition of workers from shrinking sectors into growing ones, the District can retain its talent, maintaining its tax base and further solidifying its draw for creative corporations.

TRANSITIONING WORKERS FROM PUBLISHING TO MARKETING AND PR

The physical media publishing and advertising and PR sub-sectors represent one potential transitional opportunity to assist creative workers transitioning between industries. With the emergence of digital media technology, physical media publishing employment has declined, both in the District and nationally. Assuming that historical trends continue, the District will lose approximately 700 positions by 2018 (*Exhibit C-8*).

There are a number of growing sectors within the District that can act as a counterbalance, providing employment opportunities for displaced workers. Individuals in physical media publishing develop a broad skillset in written and oral communication, information collection and analysis and presentation. With some training and retooling, these skills can be directly applied successfully to careers in advertising, public relations and marketing, a growing and related industry.

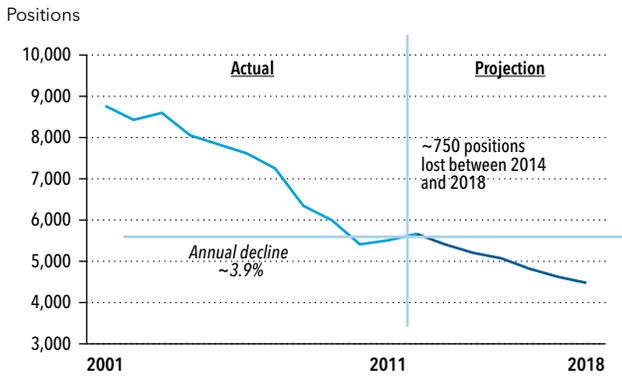
C-7:
ESTIMATED 10-YEAR NET TAX CONTRIBUTION OF INCREASED GRADUATE STUDENT RETENTION



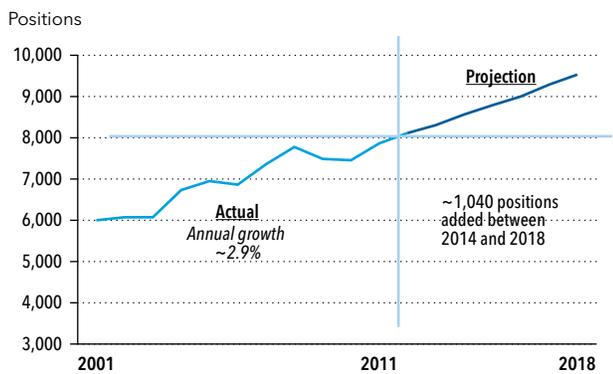
Note(s): Tax contribution is net of public expenditures, such as the cost of providing public school education; Figure assumes an annual salary of about \$100,000, the average across the Creative Economy excluding culinary

Source(s): Analysis of Bureau of Labor Statistics data

C-8:
PHYSICAL MEDIA PUBLISHING EMPLOYMENT (2001 - 2018)



ADVERTISING & PR EMPLOYMENT (2001 - 2018)



Source(s): Analysis of Bureau of Labor Statistics data

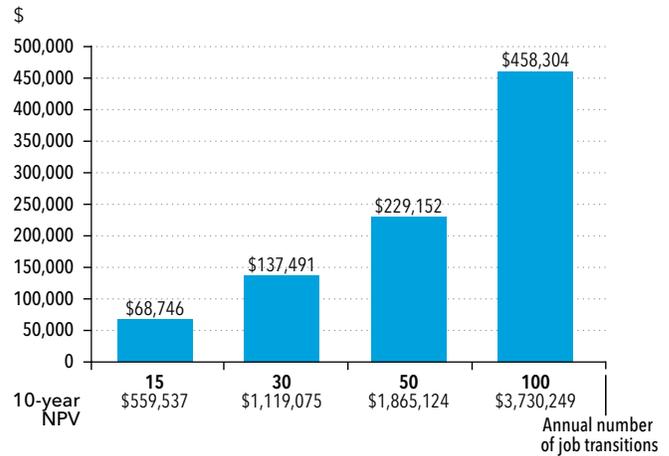
TRANSITIONING WORKERS FROM THE PUBLIC SECTOR INTO THE CREATIVE ECONOMY

The federal government attracts many talented workers to the District directly out of undergraduate or graduate programs. While prestigious government institutions, such as Congress and the White House, are the initial draw, job turnover in these posts tends to be high, pay is typically low, long hours are required and opportunities come and go with political cycles.

Developing a relevant skills-training program will assist young professionals in transitioning from the public sector into related creative industries. In addition, creating such a program would reduce the District's dependency on federal employment, retain experienced workers in the District, grow creative sectors and expand the tax base by facilitating the transition of young professions into more highly paid, private sector jobs. Young professionals earning higher wages pay more income tax and have more disposable income for housing, goods and services, which generate real property and sales taxes for the District.

Exhibit C-9 estimates the impact of assisting young professionals in transitioning from relatively low-paying jobs on Capitol Hill (some \$35,000 per year for a staff assistant) into higher-paying jobs in public relations or advertising (about \$50,000 for an entry-level position). The figure estimates an annual increase in tax receipts between \$68,746 and \$458,304 if a single cohort of skills training program participants (15 to 100 individuals) successfully transitions to new careers.

C-9:
ESTIMATED ANNUAL NET TAX CONTRIBUTION OF JOB TRANSITION PROGRAM



Note(s): NPV tax contribution is net of public expenditures, such as the cost of providing public school education

Source(s): Analysis of Bureau of Labor Statistics data

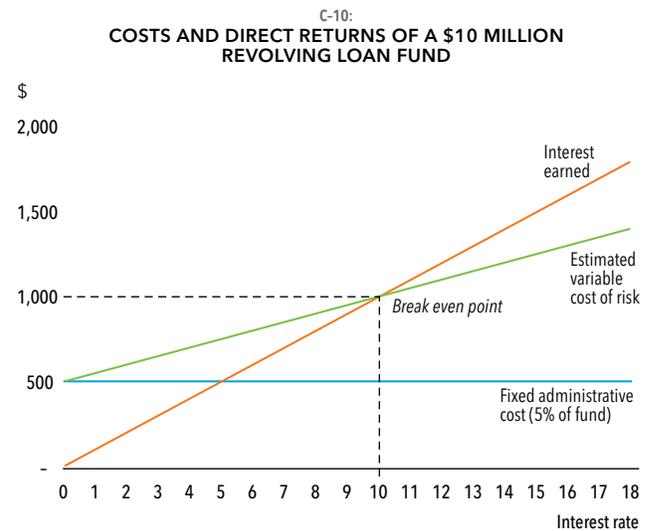
The exhibit also shows the present value of these annual tax receipts over a 10-year period, net of public expenditures (e.g., the cost of providing public school education). This figure assumes that the annual wage disparity remains constant over the 10-year period when, in all likelihood, the difference in potential wages would increase as the individual advanced professionally. Therefore, these calculations are conservative in actually estimating the potential long-term tax revenue generated by this initiative.

PROVIDING COST-EFFECTIVE FINANCIAL INCENTIVES TO CORPORATIONS

A talented workforce alone may not be sufficient to recruit a company to locate in the District. For large corporations, establishing or relocating their headquarters in a new city is extremely capital intensive. This is particularly relevant for production companies, which create the content for film, digital media, television and radio. The District lacks much of the physical infrastructure required for these companies to operate, meaning that relocating corporations must build these facilities from the ground up.

Entertainment firms have already demonstrated an interest in locating in the District. A loan fund that provides financing to critical infrastructure would enable the District to leverage this interest and attract content-creation companies. Interest earned from providing loans could cover the cost of administering the fund. Exhibit 3B-6 shows the interest rate that would have to be assessed in order to cover the estimated cost of managing a \$10 million revolving loan fund. There are two costs the District would need to consider: operational costs and the cost the District incurs for taking on the risk that a borrower may not pay back a loan. In the exhibit, the fixed cost of administering the fund and variable cost of risk are estimated for illustrative purposes to demonstrate how interest rates could be set to adequately cover both costs. A thorough analysis will need to be performed before determining an appropriate interest rate. It is likely that the District would choose to contract the fund's operations, including loan pricing, to a third-party with financial expertise ([Exhibit C-10](#)).

After costs are recovered from earned interest, the value of jobs created and businesses attracted would represent a positive return for the District and any outside stakeholders involved in the financing and managing of the fund.



Source(s): Analysis of U.S. Bureau of Labor Statistics data

VISION 3:

FOSTER A

The District's international cultural treasures are iconic and essential, serving as both destinations and anchors in its thriving economy. The U.S. Capitol, the Lincoln Memorial and the Washington Monument define Washington's architecture. The Smithsonian Institution welcomes millions of tourists annually to its parade of impressive museums. With 4.1 million visitors in 2013, the National Gallery of Art ranked eighth in attendance among museums worldwide. Meanwhile, the stages of the John F. Kennedy Center for the Performing Arts bring to life the nation's arts and heritage, and the National Zoo builds bridges between nature and humanity.

Though important, these attractions only scratch the surface of the artistic experience and expression that is Washington, DC. Parallel to those venerable national institutions is a treasure trove of District institutions dedicated to the arts and local heritage. Original and imaginative, the District's own cultural landscape helps to endow Washington with creative riches to rival any city in any nation.

In total, the Arts & Heritage sector contributes an estimated 4,000 private employment positions and \$141 million in local wages. In addition, Arts & Heritage employees contribute around \$7.3 million to the tax base and \$334 million to the District's GSP annually. These numbers exclude government employment. Adding those workers would increase the statistics considerably. For example, the data does not include the more than 4,200 Smithsonian Institution employees in the District since they are federal workers.

The District is populated with artists, musicians, filmmakers, dancers, artisans and writers who influence the character of

every neighborhood and ward. With 37 venues and more than 25,000 performing arts seats, the theater scene in the District rivals New York City for variety and Chicago for its distinctively local flavor. Dance and music proliferate, growing daily in scope and reputation. The visual arts color every corner of the District, and local heritage institutions detail Washington's history.

Through the DC Creates! Public Art program, the District leverages Public Art as a branding and economic development tool for building a quality public collection of dynamic and diverse media within the District of Columbia. Fueled by talent, originality and experimentation, the District – ranked the No. 2 hippest U.S. city by *Forbes* magazine in 2012 – owes much of its vibrancy to the organizations and individuals that make up its arts and cultural sector.

Despite the critical role they play, homegrown cultural institutions are often overshadowed by their nationally renowned peers, which also vie for government and foundation funding. Given the recent recession and a number of competing government priorities, grant funding for the arts has become increasingly scarce. The Arts & Heritage community can no longer afford to rely on hefty annual appropriations to buoy its bottom line.

For that reason, the *Creative Economy Strategy* looks at how best to build resiliency into local arts and cultural institutions. The emphasis must be on how to survive and thrive without guaranteed government funding. It is an enormous challenge, but one the DC arts community is capable of addressing. After all, each artist is an entrepreneur and each nonprofit organization an enterprise. Both contribute to the quality of life and the economic vitality of the District.

A woman with dark hair tied back, wearing a black sleeveless dress, is playing a violin. She is positioned in the center of the frame. The background is a stage with colorful, abstract lighting in shades of purple, pink, and green. To her left, there is an orange amplifier with the brand name 'ORANGE' visible. To her right, there is a black amplifier with the brand name 'FERRARI' visible. In the foreground, there is a drum set with a cymbal and a snare drum. The overall atmosphere is that of a live performance or rehearsal.

RESILIENT,

ENTREPRENEURIAL

LOCAL ARTS

COMMUNITY

STRATEGY 1: ASSIST LOCAL ARTS INSTITUTIONS IN DEVELOPING SUSTAINABLE BUSINESS MODELS

There is an intense demand for technical assistance within the local arts community. Individuals in the Arts & Heritage sector have a wealth of creative talent, but many have not had access to training in the technical skills and tools necessary to run a business. By improving access to business skills training, the District government can support creative arts businesses' and nonprofits' efforts to make informed tradeoffs, invest strategically and build their case for grant funding using hard numbers. The most important work, however, is introducing the possibility of a realistic, transparent

FASHIONABLY BUSINESS

TURNING FASHION FROM A HOBBY TO A PROFESSION

The DC Fashion Foundation is elevating the skills of aspiring fashion designers in the District with Fashionably Business, a technical assistance program that helps individuals turn their dreams of fashion design into businesses.

Fashionably Business provides varying levels of support to existing and new fashion businesses and entrepreneurs, offering classes, workshops and one-on-one business assistance to help grow and strengthen enterprises. Since 2010, the DC Fashion Foundation has provided technical assistance to more than 300 people, and helped open businesses in popular DC neighborhoods like the H Street corridor and Adams Morgan.

Classes range from sewing and pattern-making to writing a fashion business plan. Individual business consulting includes product development, manufacturing, merchandise planning and legal basics.

The foundation is a nonprofit organization created in June 2009 to support the Washington region's emerging fashion industry. The training program is financed by a Neighborhood Based Small Business Assistance grant provided by the DC Department of Housing and Community Development.

Other foundation programs include: the Washington, DC, Fashion Incubator, Fashion Programs for Youth (Camp Runway and Fashion Academy) and Fashion Retail Development Institute.

Check out dcfashionfoundation.org.



PROMOTE SUSTAINABLE INSTITUTIONS

and occasionally uncomfortable dialogue about financial viability. These conversations are indispensable in ensuring the long-term prospects of individual artists and cultural institutions.

INITIATIVES TO ADDRESS STRATEGY 1:

◆ **Partner with universities to offer technical assistance to creative organizations to help with key marketing, business and planning services.** The District is well-positioned to leverage its technical-assistance funding to build connections between the arts community and local colleges and universities. Technical-assistance services provide the tools that organizations need to grow strategically and achieve stability. To optimize funds and strengthen budgeting processes, artists and cultural groups must enhance their marketing, fundraising and organizational development skills. With its premier higher education institutions, populated with talented faculty and students, the District has a wealth of knowledge that can be shared with cultural organizations to help them remain competitive and financially viable.

◆ **Facilitate ongoing expert panels focused on training nonprofits and arts organizations to operate sustainably.** The District has an abundance of successful entrepreneurs in the creative sectors who can share their expertise with Arts & Heritage organizations. By developing partnerships with local training organizations and businesses, as well as incubators and accelerators, the District can facilitate workshops, expert panels and professional development services to strengthen the financial knowledge of nonprofit arts organizations. These panels will also serve as collaborative links between different clusters in the District's Creative Economy.

STRATEGY 2: MOBILIZE DISTRICT RESOURCES TO SUPPORT ARTS & HERITAGE ORGANIZATIONS

The DC Commission on the Arts and Humanities (DCCAH) is the primary agency in the District government that serves the Arts & Heritage community. It provides grants, professional opportunities, education and training, and other programs and services to individuals and nonprofit organizations. It is supported by the District government and the National Endowment for the Arts. However, a number of other resources exist within the District government to assist the Creative Economy. The DC government can drive growth by coordinating across agencies and leveraging the full set of resources at its disposal.



PROMOTE
SUSTAINABLE
INSTITUTIONS

CAPITAL FRINGE

CONNECTING ADVENTUROUS ARTISTS AND AUDIENCES

Call it original, gutsy, even inspired. Just don't call it ordinary.

Since the summer of 2005, Capital Fringe has infused energy into the performing arts scene in the District, giving local and regional performing artists a stage to present cutting-edge plays and performances. Today, it is the second largest, unjuried fringe festival in the United States.

Capital Fringe's mission doesn't stop there. It takes seriously its role of helping artists become independent producers. The result is that dozens of new theater companies have been born at Capital Fringe and some 400 new works have been performed.

Inviting and contemporary new performances ensure that Capital Fringe's theaters are filled with theater lovers every July. Since its launch, more than 100,000 people from across the region have come to Capital Fringe to sample its experimental and innovative performances.

By forging a new path for performing artists, Capital Fringe better serves the District's performers and provides opportunities for continuing education, discussion and collaboration through the year-round Fringe Training Factory. The festival has also generated more than \$1.5 million for participating artists.

In 2013, Capital Fringe received *The Washington Post* Award for Innovative Leadership in the Theatre Community at the 29th Annual Helen Hayes Awards. Capital Fringe was recognized, in part, for its efforts to bring economic vitality to the District, as it introduces new theaters in less-traveled neighborhoods to regional audiences.

Fringe's Training Factory formed a new partnership with the DC Library Foundation in 2014, and the collaboration will produce discussions and workshops during the festival. Additionally, plays created for the summer festival will become part of the library collection, and the two organizations will produce acoustic concerts throughout the year.

Capital Fringe is also pushing ahead in 2014 with an initiative to secure a building. Its Fort Fringe headquarters is slated for re-development, and Capital Fringe's leadership is committed to raising money to purchase a new building that will better serve the festival's needs and expand Capital Fringe's offerings throughout the year.

Check out capitalfringe.org.

**BY FORGING A NEW PATH
FOR PERFORMING ARTISTS,
CAPITAL FRINGE PROVIDES
OPPORTUNITIES FOR
CONTINUING EDUCATION,
DISCUSSION AND
COLLABORATION THROUGH
THE YEAR-ROUND FRINGE
TRAINING FACTORY.**

INITIATIVES TO ADDRESS STRATEGY 2:

- ▶ **Use DC Commission on the Arts and Humanities (DCCA) interactive mapping tools to better track DC arts and cultural groups and to share this information with the creative community.** Accurate data is critical to ensuring that the District serves the arts community as effectively as possible. With that goal in mind, the DCCA has invested in a sophisticated interactive tool to map creative organizations in the District, including events, festivals and individuals, and to track the flow of funding provided to those organizations. Once complete, this tool can be used to fully understand the District's creative assets. This information will provide a basis for new and existing arts organizations to understand the cultural landscape and may inform their decisions on where to locate.
- ▶ **In renewing the DCCA Strategic Plan, expand the DCCA's entrepreneurial education program for arts**

HOWARD THEATRE

BRINGING THE BEAT BACK TO SHAW

Placed on the National Register of Historic Places in 1975, the Howard Theatre was the country's first full-size theater built for African-American audiences and entertainers. Part vaudeville, part music hall, the Howard Theatre hosted legends in the music business, including Cab Callaway, Lena Horne, Diana Ross and Smokey Robinson. Ella Fitzgerald was discovered on its stage.

After being closed for nearly 30 years, Howard's \$27 million renovation was finished in December 2011, financed in part by private and nonprofit donations and \$12 million in grants and tax incentives

from the District. While music legends put Howard on the map, a lineup of fresh new bands and artists, from go-go to world music to rap, will mark its second century.

Years of disrepair and hardship are long gone, and a harmonious future lies ahead for this historic landmark. Tucked into the celebrated Shaw neighborhood, the successful theater now anchors the renaissance of a community known as much for its musical past as for the half-smokes at Ben's Chili Bowl. Where there was previously silence, the cool syncopation of jazz, the velvety warmth of R&B and the swaggering cadences of hip hop fill the air nearly every night.

Check out howardtheatre.org.



PROMOTE SUSTAINABLE INSTITUTIONS

organizations and artists. The DCCA completes a strategic plan every five years to guide its future operations, and that process is launching again in late 2014. While DCCA's strategic plan looks at a wide variety of areas, the plan's renewal should incorporate provisions to address additional technical assistance programming to the Arts & Heritage community. This focus will continue the discussion started in the *Creative Economy Strategy* and will point out specific opportunities and initiatives for expanded programming.

- ▶ **In renewing the DC Public Library (DCPL) Strategic Plan, look for new ways the DC libraries can assist Creative Economy businesses and arts organizations in capacity building.** The DCPL's strategic planning process opens up an additional opportunity to review the relationship between the District government and the Creative Economy clusters. From displaying local art to hosting panels and providing services, the opportunities for collaboration between libraries and the creative industries are numerous. The DCPL has already made great strides in its outreach to the Creative Economy by providing a variety of new technology tools in renovated libraries to support entrepreneurship. As DCPL looks to the future, it should outline methods for further collaboration with nonprofit organizations and individuals in the creative space.
- ▶ **Create an interagency council composed of key leaders within DMPED cluster agencies to coordinate activity and ongoing work related to Creative Economy initiatives.** Numerous agencies within DMPED – DCCA, DDOT, DCRA and DOES, among others – touch the creative sectors in one way or another. Enhanced partnership across cluster agencies will improve DMPED's ability to address cross-cutting Creative Economy concerns. An interagency council will open the way to greater information sharing about the status of agency initiatives and will improve coordination on possible joint strategies impacting the creative industries.
- ▶ **Establish a community-wide working group to address concerns about cultural competency through dialogue with community leaders, artists and arts organizations.** Creative organizations play a critical role in revitalizing economically disadvantaged neighborhoods and offer employment opportunities for individuals of all educational backgrounds. If implemented effectively, the *Creative Economy Strategy* stands to benefit every ward in the District. However, there is a sense that cultural

misunderstanding prevents the District government from adequately addressing the unique needs of Wards 7 and 8. A community working group led by the DCCAH could focus on cultural competency needs of East End neighborhoods in order to ensure that Creative Economy advantages are fully shared by every ward.

FRANKLIN SCHOOL

FROM SCHOOL HOUSE TO ART MUSEUM

A historic treasure, the Franklin School on K Street Northwest was vacant and crumbling until one DC resident envisioned its new life as the District's latest contemporary art museum. Local art collector and businessman, Dani Levinas, plans to create the Institute for Contemporary Expression (ICE-DC) that will be housed in the facility.

ICE-DC will restore the building's exterior and original interior details, while transforming the rehabilitated building

into exhibit space for contemporary art, sculpture, installations and performances. The proposed development also includes adult and student art education programs, a new restaurant and café, and

an arts bookstore. Further, ICE-DC plans to work closely with the National Park Service (NPS) and the District to integrate art and to coordinate educational programs and events in the redesigned Franklin Square Park.

The building has a rich history. It served as the first Reconstruction-era public high school. Within the Franklin School in the 1880s, Alexander Graham Bell tested the first photophone, a photo telephone that transmitted voice communications over light beams, much like today's fiber-optic networks.

Part of the school's fame stems from its architect, Adolf Cluss. He was a 19th century architect whose buildings, including the Smithsonian Arts and Industries Building, Eastern Market and Sumner School, redefined architecture in the District. When it wasn't a high school, the building also served other educational missions, such as housing as a teacher education school and adult education programming.

The proposed development will bring an exciting new cultural use unlike any other in the District to a building of great historic and architectural significance that has sat unused for too long.

Check out franklinschooldc.org.



OPTIMIZE DC RESOURCES

- ◆ **Include for-profit music in the mandate of the Office of Motion Picture and Television Development (MPTD).** The District boasts a vibrant local music scene, and music will continue to play a critical role in the Creative Economy. While DCCAH represents not-for-profit musicians, symphonies and orchestras, the for-profit music industry has been largely overlooked. Given the synergies among commercial music, movies and television, for-profit music will be added to the mandate of the Office of Motion Picture and Television Development. This initiative will also help address the significant decline in recording industry employment over the past decade.

STRATEGY 3: BUILD CONNECTIONS ACROSS CREATIVE ORGANIZATIONS, BUSINESSES AND UNIVERSITIES

Opportunities abound for Arts & Heritage organizations and individuals to collaborate with one another and with other Creative Economy leaders to drive revenue growth. The Creative Economy rules of engagement demand such collaborations. They have proven successful here and in other cities where law firms and art galleries, dance companies and property developers, and software designers and artists strike mutually advantageous – and profitable – partnerships. Exploiting the connections among commerce, culture and the arts will prepare individuals and groups to be full participants and leaders in the Creative Economy, today and into the distant future.

INITIATIVES TO ADDRESS STRATEGY 3:

- ◆ **Leverage the work of local creative organizations and creative events to activate underutilized District development projects.** Arts and culture can enliven space and build a sense of community, even in empty, abandoned or ignored buildings, lobbies or outdoor areas. The District has a diverse range of new and old buildings that would benefit from coordinated cultural events and activities, such as the Office of Planning's Lobby Project. Such projects not only breathe life into these facilities, but they also provide opportunities to showcase local creative talent and highlight creative businesses. By opening these spaces to ambitious and curated programs, the District hopes to provide new opportunities to promote its many cultural offerings.
- ◆ **Hire a Creative Economy sector manager within DMPED to assist in developing strategic alliances between Arts & Heritage institutions, creative organizations, universities and the business community.** A DMPED sector manager has many responsibilities but chiefly serves as a leader

in the recruitment and growth of new enterprises in the city. A new sector manager for the Creative Economy would maintain that charge while providing leadership in coordinating relationships and alliances between creative organizations and the greater business community. Only through cross-pollination of ideas and regular dialogue can the District best support its Creative Economy.

◆ **Increase District funding for promoting additional arts exchanges between DC artists and our sister cities.**

The District’s access to the international community has allowed it to build a number of sister-city relationships over time. Today, the Sister Cities International Arts Grant (SCIAG) provides project support for cultural exchange

and diplomacy between the District and its sister cities in other countries. SCIAG grants target quality dance, music and theater ensembles, visual arts exhibitions and literary readings, as well as individual and multi-disciplinary artists. They also open the way for international artists to present work in the District, enriching DC’s cultural fabric. Expanding subsidies for such a fund would ensure expanded opportunities for cross-cultural exchanges.

◆ **Better leverage the presence of international institutions in the District by creating a space where embassies can display their art and culture on a rotational basis.**

The District benefits from the presence of numerous embassies, and it can take a leadership role in establishing a District venue to showcase the works of artists from other nations, working in collaboration with the embassies’ cultural attaches. By collaborating with embassy officials, the District can deepen its ties to the international community and expose District residents to new and engaging art. In doing so, the District also hopes to provide opportunities for similar joint collaborations for DC artists in foreign capitals.

THEARC

HOME AWAY FROM HOME

In a glass-walled studio, there are young girls in leotards practicing their pliés and demi-pointes. In another room, fledgling violinists and cellists rehearse a difficult passage. And further down the hall, a jazz singer preps for a concert. This is the Town Hall Education Arts Recreation Campus or THEARC.

Building Bridges Across the River (BBAR) opened THEARC in October 2005. Its bold vision for the THEARC was to engage cultural, education and public health services to help revitalize southeastern DC.

Today, the \$27 million, 110,000 square foot center on 16.5 acres of land in Southeast Washington, DC, has become a home away from home for thousands of underserved children and adults. The center houses a 365-seat community theater (THEARC Theatre), an art gallery, a regulation size gymnasium, libraries, computer labs, classrooms and performing and visual arts studios.

Through a collaboration of partner organizations, THEARC offers courses and assistance to the residents of Ward 8, including dance and music classes, medical and dental services, mentoring and tutoring, and academic training.

As part of THEARC’s cultural initiatives, it uses The Arts Fund to promote and enhance collaborative arts programming for young and old alike. Four arts organizations are in residence and work in collaboration with THEARC to complete that mission: BBAR’s THEARC Theatre, the Corcoran Gallery of Art (Corcoran ArtReach), the Levine School of Music and The Washington Ballet.

Check out theardc.org.

WASHINGTON PERFORMING ARTS SOCIETY

MAKING PARTNERSHIPS SING

For nearly five decades, the Washington Performing Arts Society (WPAS) has engaged the Washington community with some of the biggest talents in the performing arts: Kathleen Battle, Wynton Marsalis, Jessye Norman, Luciano Pavarotti, Kiri Te Kanawa and the Alvin Ailey American Dance Theater, to name just a few.

Partnerships with national and international dance, music and theater companies allow the WPAS to present cross-cultural and groundbreaking performances and initiatives.

A leading presenter of performing arts nationally, the WPAS also has a history of commissioning premieres of new works by composers such as John Corigliano, William Bolcom, Mark-Anthony Turnage and Sweet Honey in the Rock.

Notably, WPAS’s educational-outreach work in the District has opened up rare opportunities for talented adults and young people. WPAS programmed some 900 education events in 2012 and 2013, including the WPAS Men and Women of the Gospel Choir, Children of the Gospel Choir and WPAS Summer Camps.

Check out wpas.org.

BUILD CONNECTIONS AND NETWORKS



BUILD CONNECTIONS AND NETWORKS



VISION 3:



ECONOMIC IMPACT MODELING FOR SELECT INITIATIVES

THE ECONOMIC CONTRIBUTION OF ARTS ORGANIZATIONS

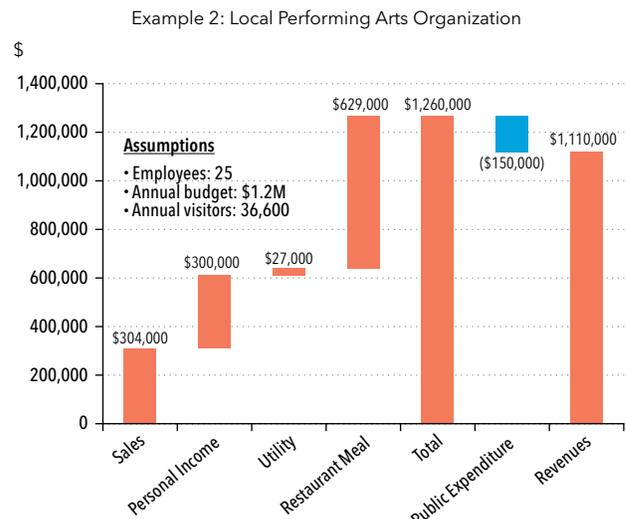
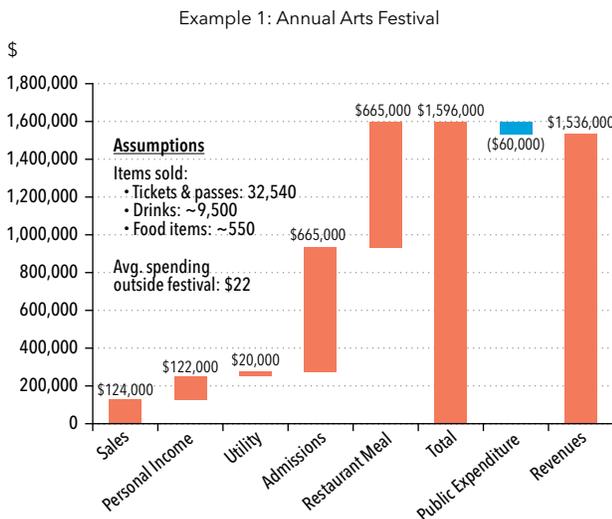
Arts & Heritage organizations form the basis of a rich culture, create distinct and lively neighborhoods, enhance the District's livability for residents and provide attractions for millions of tourists and visitors. Individuals in the arts community often focus on these and other qualitative benefits that the arts bring to the District. However, as a small but important part of the Creative Economy, Arts & Heritage organizations also have a real, quantifiable economic impact on the District that should not be overlooked.

Exhibit C-11 illustrates the 10-year economic impact of two arts organizations that are currently operating in the District:

▶ **Example 1** shows the net tax contribution of an annual arts festival with year-round operations. In the summer of 2013, this festival attracted over 30,000 visitors to the District. These visitors ate at restaurants, shopped in the District stores and stayed in local hotels, providing additional support for the DC economy. The 10-year tax contribution of this event to the District, net of public expenditures such as public school education, is estimated at \$1.6 million dollars.

▶ **Example 2** displays the net tax contribution of a local performing arts organization that, in addition to offering a wide variety of performing arts classes, hosts weekly performances. This organization employs 25 individuals and attracts approximately 36,600 visitors each year. Its estimated tax contribution over a 10-year period is \$1.3 million, net of public expenditures such as public school education.

C-11: ESTIMATED 10-YEAR NET TAX CONTRIBUTION OF TWO ARTS ORGANIZATIONS



Note(s): NPV tax contribution is net of public expenditures, such as the cost of providing public school education
 Source(s): Analysis of the U.S. Bureau of Labor Statistics data

LEVERAGING DISTRICT RESOURCES TO SUPPORT THE ARTS

Many arts organizations – including the two modeled in the previous section – operate as nonprofits and, therefore, rely on the District government and other outside funders to finance their operations. Grant funding will always be critical to building and maintaining a healthy arts community. However, given the waning availability of grant funding, arts and heritage organizations will need to focus on ways to improve the long-term sustainability of their operations.

Steps to improve sustainability will be different for each organization. For some, this could mean diversifying revenue streams. For others, it means streamlining operations or forging mutually beneficial partnerships with other creative businesses. Given their central importance to the Creative Economy, the District government should support Arts & Heritage organizations in making this transition, leveraging non-financial resources to improve the health of individual organizations and boost the sector as a whole.

IMPROVING THE ACCESSIBILITY OF SPACE

Space is one valuable resource the District government can provide to arts organizations. Such arrangements can be mutually beneficial. A successful arts event – such as a concert – can attract thousands of visitors to a vacant area, activating the space and providing a temporary economic boost to the area.

As an example, in 2014, the District opened its St. Elizabeths campus for a festival focused on environmental sustainability. Not only did the event bring 5,000 visitors to St. Elizabeths, but it also contributed an estimated \$30,000 in tax revenue in a single day. If this festival were to take place annually at the St. Elizabeths campus, over a 10-year period the approximate net present value of contributed taxes would be \$240,000. The actual number could be much higher, considering such festivals generally grow in attendance over time as they gain popularity (*Exhibit C-12*).

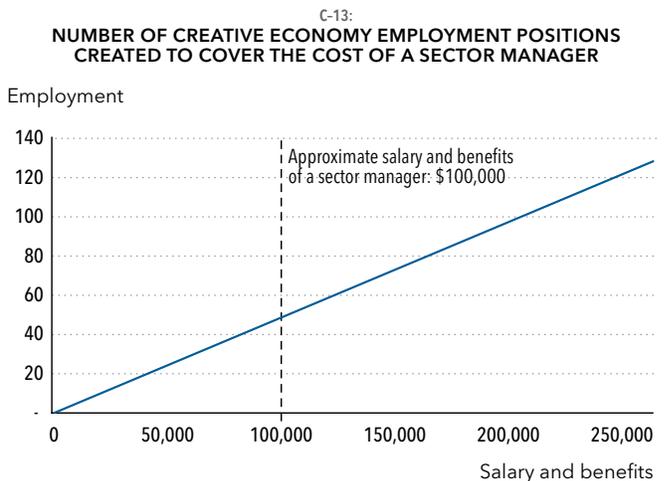
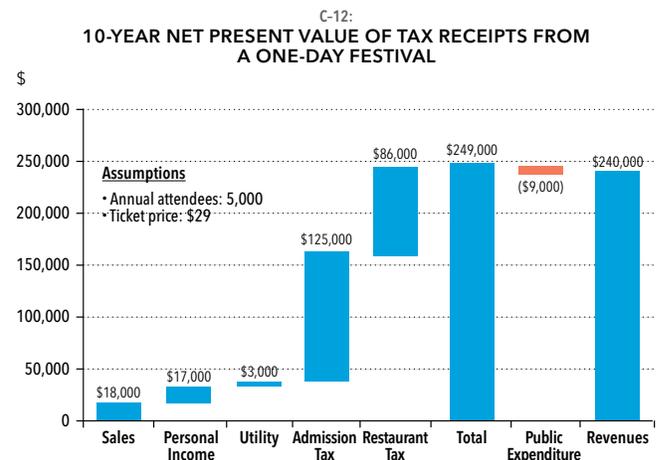
CREATING CONNECTIONS ACROSS AND BETWEEN ORGANIZATIONS

Organization-to-organization relationships are critical to sustaining a thriving arts sector and present numerous opportunities for mutually beneficial partnerships. A few hypothetical examples:

- A local theater could open its grounds to food trucks, providing dinner options for guests while supporting small culinary businesses

- A large creative corporation could sponsor the construction of a sound recording studio for use by local musicians
- A company could partner with local artists to display their work in the lobby of a highly trafficked building

The District government can play a role in facilitating such connections by creating a position within the Deputy Mayor's Office for Planning and Economic Development: the Creative Economy Sector Manager. The individual who fills this position will be responsible for growing the District's Creative Economy by (1) bringing new creative businesses to the District, (2) providing targeted assistance to DC-based creative businesses, and (3) serving as a single point-of-contact within government for creative businesses. By working with new and growing firms, this individual will attract and retain jobs and expand the tax base, eventually recouping the cost of his or her salary and benefits. Assuming salary and benefits of \$100,000, a Creative Economy Sector Manager will only need to create approximately 51 new positions to cover his or her own cost to the District (*Exhibit C-13*).



Note(s): Average tax contribution of \$1,949 per position is net of public expenditures (e.g. the cost of providing public school education)

Source(s): Analysis of the U.S. Bureau of Labor Statistics data



IMPLEMENTATION

D

TURNING



INITIATIVES INTO REALITY

The *Creative Economy Strategy for the District of Columbia* is a testament to the hundreds of people and organizations that gave their time to guide this strategy from concept to conclusion. By providing input and collaboration throughout the crafting of the strategy, public, private and nonprofit partners have set the stage to bring this paper document to life.

Because nothing in the Creative Economy remains static, this strategy can only be a snapshot in time, and its initiatives a road map for the Creative Economy as it is constituted today.

Already, the nascent “maker” movement is taking hold in the District. Grassroots fabricators and designers are working in micro and mobile factories to create prototypes and manufacture products using new technologies. The District’s Creative Economy strategies will be especially important to growing this new cross-sector movement.

That means bold action is required from key stakeholders in the short term, both to develop new alliances to carry these initiatives forward and to consider next steps once these initiatives are realized.

Implementation will not be easy. Many of the initiatives outlined in this strategy will require investment and commitment from local businesses, nonprofit organizations, artists and entrepreneurs as well as the District government, all of which will play a critical role in implementation. Admittedly, these initiatives require varying amounts of time, partnerships and resources to be achieved. The good news is that some of them are already in progress, while others will require broad leadership to succeed. The District will focus its immediate efforts on implementing initiatives that are currently most feasible.

Turning this vision into reality for the long term requires the ongoing commitment of the public, nonprofit and private sectors. In the months and years ahead, the District will facilitate the implementation of these strategic initiatives and monitor their progress.

From the beginning, the strategy has been a collaborative endeavor with local leaders and organizations. Now, the responsibility falls on all parts of the DC community to achieve this vision of entrepreneurial opportunity, job creation and cultural resilience.



APPENDICES





PROJECT METHODOLOGY

Cities, regions and states across the country – as well as those around the world – have been measuring the size, profile and impact of their creative economies for years. Everyone has their own initial understanding of what constitutes the “Creative Economy,” but there is no uniform global definition. To create a common ground that is comparable, this report defines the sectors that compose the District’s creative economy – Arts & Heritage, Culinary Arts, Information & Technology and Professional Services – and outlines opportunities and challenges to growing these sectors. These four sectors are the major revenue and job creation opportunities within the Creative Economy and include traditional creative products and services as well as digital offerings that have emerged within the last several decades.

OVERVIEW OF PROJECT PROCESS

The *Creative Economy Strategy* is an outgrowth of two previous District government reports: *Creative Capital: The Creative DC Action Agenda* and the *Five-Year Economic Development Strategy for the District of Columbia*. Through the findings from these reports, the District government recognized that creative industries offer vital opportunities to continue diversification of the District’s economy. In writing the *Creative Economy Strategy*, the District seeks to actively leverage these industries to drive economic growth.

Development of the *Creative Economy Strategy for the District of Columbia* consisted of six phases: Establish project goals and leadership, Creative Economy mapping, asset analysis, high-level strategy formation, supporting initiatives development and implementation planning. At each stage, the emphasis was on diving deeply into research and interviews to ensure that the team had the highest quality information to design recommendations that will best fit the needs of the District going forward ([Exhibit A-1](#)).

PHASE 1: ESTABLISH PROJECT GOALS & LEADERSHIP

The first step in developing the *Creative Economy Strategy* was to create a project team and governance structure.

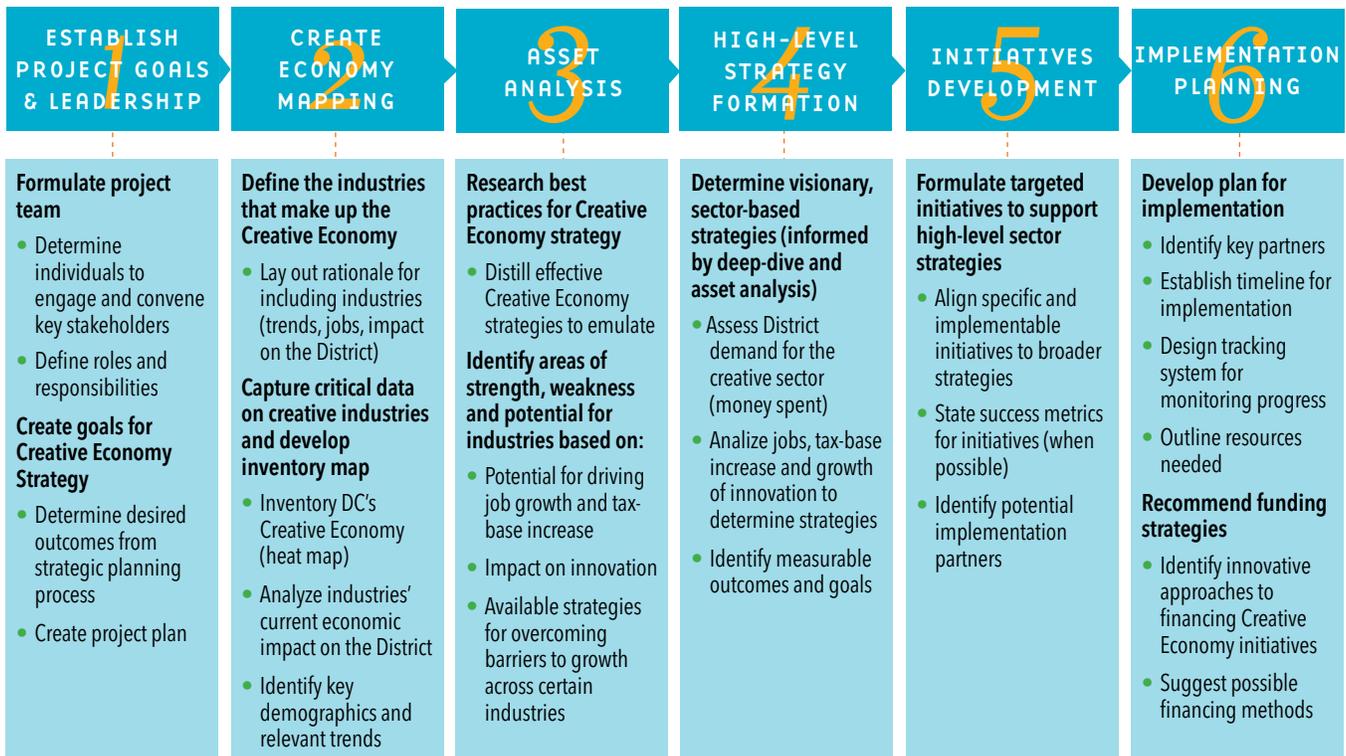
An Executive Committee composed of five individuals across government and academia was organized to oversee the process. The Committee consisted of:

- **Victor Hoskins**, Deputy Mayor for Planning and Economic Development, Office of the Mayor (DMPED)
- **Lionel Thomas**, executive director of the District of Columbia Commission on Arts & Humanities
- **Barron Harvey**, Dean, Howard University School of Business
- **Doug Guthrie**, professor, The George Washington University School of Business
- **Jenifer Boss**, Director of Business Development, Office of the Deputy Mayor

Together with the Mayor’s Office, the Executive Committee laid out the goals of the *Creative Economy Strategy* as well as the general approach to be used in researching, analyzing and preparing the report. The stated goals of the project were to:

1. Leverage the creative industries to expand the District’s tax base and generate new jobs.
2. Establish a clear view of the District’s resources and assets within the creative sector.
3. Identify DC creative industries’ areas of growth to inform future resource allocation.
4. Bring together stakeholders to drive forward an inclusive and robust *creative economy strategy* for the next several years.

A-1:
DC CREATIVE ECONOMY STRATEGY PROJECT STEPS



The Executive Committee determined that two additional sub-teams would be formed to support the creation of the *Creative Economy Strategy* (Exhibit A-2).

MBA Fellows: The Executive Committee selected a group of MBA students to assist in collecting data through research and interviews, conducting qualitative and quantitative analyses and translating these analyses into preliminary recommendations and preparing the final report.

Candidates for student fellowships were recruited by circulating a notice at the four major graduate schools of business in the District. Each candidate submitted a resume, his or her GPA and a cover letter stating his or her qualifications and fit with the project. Candidates were sought with a broad range of relevant skills including:

- Economic analysis experience
- Strong analytical skills
- Excellent verbal and written communications
- Critical thinking
- Presentation skills
- Project management knowledge

Ultimately, seven students were selected as MBA fellows. They came from The George Washington University School of Business, Georgetown University McDonough School of Business, the Kogod School of Business at American University and the Howard University School of Business.

Strategy Advisory Group: DMPED sought out a group of community leaders and industry experts – the Strategy Advisory Group (SAG) – to provide expertise and guidance at pivotal milestones throughout the project. The SAG consisted of individuals across industry sectors.

In addition to forming a team, the Executive Committee outlined an overall project timeline. This included each of the major phases of the project (planning, training, quantitative analysis, interviews, data synthesis and report preparation) and set a deadline for delivery of a final project report to the Mayor.

PHASE 2: CREATIVE ECONOMY MAPPING

One of the initial tasks for the MBA team was to carefully define the boundaries of the Creative Economy. Terms like “Arts & Heritage” and “Creative Business Services” had to be expanded and quantified. The fellows used a master list of North American Industry Classification System (NAICS) codes to determine the specific business categories in the clusters.

A-2:
CREATIVE ECONOMY STRATEGY MANAGEMENT TEAM



The team then developed a basic economic analysis of each sector. The goal of the analysis was twofold: first, to provide the raw analytic material that would support findings and recommendations later in the process and second, to help the students develop a deep understanding of the key business opportunities and challenges in the creative industries. The students used a wide variety of sources to conduct their research including university library resources, online databases (especially the U.S. Bureau of Labor Statistics and the U.S. Census Bureau) and searches of the local business press.

Their analyses, ultimately, incorporated four elements:

- Creative industry size and growth (measured in terms of employment and, where possible, economic activity)
- Comparison of sector density with national averages
- Identification of key players in the sector (“key” being based on size, growth rates, brand reputation and other criteria) and
- Creative Economy maps showing the location of creative businesses in the District

These analyses were continuously refined throughout the project.

PHASE 3: ASSET ANALYSIS

In order to identify opportunities for the District’s Creative Economy, the MBA team conducted a number of interviews and brought together focus groups. Using information provided by members of the SAG, business press and websites of leading civic organizations, as well as information on key

players previously collected, they developed lists of potential interview candidates.

After analyzing the creative sectors, the students had the necessary background information to conduct interviews and convene focus groups with experts in the sectors in a thoughtful, intelligent way. Each team also prepared a standard interview questionnaire to help frame its discussions during interviews.

The interview questions covered a broad range of topics so the students could choose the most applicable questions to ask. Typically interviews were conducted in a fairly free-flowing way depending on the interests and responses of the interviewee. Following each interview, the teams prepared interview notes which, in addition to giving background information, highlighted the main issues and ideas and documented any ancillary concerns.

As of May 1, 2014, the Creative Economy team, through individual interviews and focus groups, had interviewed 133 people.

PHASE 4: HIGH-LEVEL STRATEGY FORMATION

Once the interviews and focus groups were completed, the Executive Committee, in conjunction with the MBA team, aggregated the findings and identified overarching trends. The team found that individuals across sectors highlighted many similar opportunities and challenges, such as the need for affordable space. Although there were similarities, there

were also significant differences in interview responses. This was expected, given the diversity of creative organizations. For example, the opportunities and challenges highlighted by tech startups varied from those identified by established arts organizations.

Despite this, the team felt it was important to create visions and strategies for the Creative Economy as a whole. In doing so, the team sought to emphasize commonalities, leverage similarities to drive growth and facilitate convergence across sectors.

The final visions and strategies the team identified were:

VISION 1: Become a national hub for creative startups and entrepreneurs

- Strategy 1.1: By improving access to affordable space and resources
- Strategy 1.2: By making the District bureaucracy friendlier for small businesses and organizations
- Strategy 1.3: By increasing funding to bring creative ideas to life

VISION 2: Become a magnet for creative corporations

- Strategy 2.1: By cultivating a workforce that is attractive to corporations
- Strategy 2.2: By incentivizing creative corporations to locate in the District
- Strategy 2.3: By promoting the District’s Creative Economy to attract new businesses

VISION 3: Foster a resilient, entrepreneurial local arts community

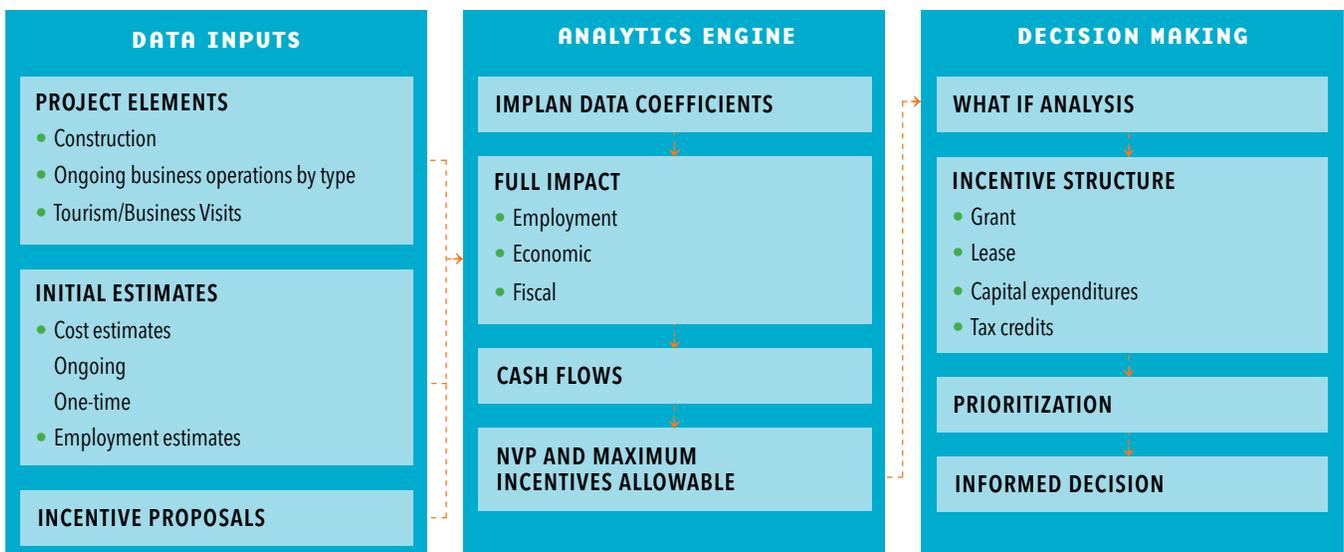
- Strategy 3.1: By assisting local arts institutions in developing sustainable business models
- Strategy 3.2: By mobilizing District resources to support Arts & Heritage organizations
- Strategy 3.3: By building connections across creative organizations, businesses and universities

PHASE 5: SUPPORTING INITIATIVE DEVELOPMENT

As the Executive Committee worked to define a broader vision and strategy for the Creative Economy, the MBA fellows synthesized specific recommendations coming out of their interviews, focus groups and secondary research.

These synthesized recommendations became the basis for a list of initiatives. Some were simple, easy-to-execute measures, and others were “big ideas” that would require significant resources, time and management attention to achieve. The fellows then mapped these initiatives to the visions and strategies. With substantial input from DMPED, the Executive Committee and the SAG, the fellows refined the list of initiatives, prioritizing on both feasibility and alignment with the District’s broader vision and strategy. Through this process, an initial list of more than 60 initiatives was winnowed down to 34.

A-3:
ECONOMIC IMPACT MODEL



In addition, some of the Creative Economy initiatives were analyzed for economic impact using an Economic Impact Model (EIM), a business-analysis tool that allows the District to evaluate and prioritize competing initiatives. The model incorporates a cost-benefit analysis that compares projected public revenues to the anticipated public service costs resulting from a project. It is a tool that the District has been using to rigorously assess the economic impact resulting from various projects or initiatives.

As outlined in [Exhibit A-3](#), the EIM takes a series of data inputs – nature of the initiative or project, initial estimate of the ongoing economic activity related to the initiative and requests for incentives associated with the initiative (if any) – and combines them with data from the IMPLAN model of local economic activity to calculate the full fiscal impact of the initiative on the District. The fiscal impact includes both cash inflows (income tax from new jobs, sales tax, property tax, etc.) and costs such as public expenditures for infrastructure or public services. The resulting cash flows are then discounted to determine the Net Present Value (NPV) to the District of an initiative or project.

By comparing the relative NPV and payback periods of different projects, the District can objectively prioritize projects and allocate incentive dollars. The EIM also furthers transparency by providing careful documentation of costs and benefits for each initiative.

PHASE 6: IMPLEMENTATION PLANNING

DMPED is ultimately responsible for assessing the feasibility, cost and linkage to strategic goals of each element of the *Creative Economy Strategy*. The Deputy Mayor's office will prioritize the proposed initiatives, establish deadlines and determine funding sources and responsibility for implementation to insure that the *Creative Economy Strategy* supports and enhances the *Five-Year Economic Development Strategy for the District of Columbia* and the Creative Economy in the District.

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Shakespeare Theatre Company

LOUISE M. KENNELLY

Executive Director
DC Arts and Humanities Education Collaborative

PHYLLIS KLEIN

Co-founder and Director
Fab Lab DC

PETER KORBEL

Chief Operating Officer
Capital Fringe

LAUREN KOTKIN

Artist

SCOTT KRATZ

11th Street Bridge Park Project Manager
THEARC

JOHN LEE

Musician

TOM LEE

Executive Director
National Theatre

RON LEVI

Account Manager
ABC Imaging

MARK LEVINE

Managing Director
Core Capital Partners

WINSTON LORD

Co-founder and Chief Marketing Officer
Venga

EVAN MACQUEEN

Vice President
Core Capital Partners

YOSHI MAISAMI

Co-founder
IdeaspaceDC

PAUL MARENGO

Executive Director
DC Shorts Festival

MARINA MARTINS

Co-founder
Pigmental Studios

GREG MCCARTHY

Entrepreneur

ROBIN MCCLAIN

Vice President, Marketing & Communications
Destination DC

JODIE MCLEAN

President & Chief Investment Officer
EDENS

REGINA MIELE

Artist

ADAM MILLER
Co-founder
Pigmental Studios

DAVID NAFFIS
Co-founder
IdeaspaceDC

CHRISTOPHER NAOUM
Co-founder
Funk Parade & Listen Local First

LIZ NORTON
Founder and Executive Director
Stone Soup Films

MARK PENN
Executive Vice President & Chief Strategy
Officer
Microsoft

ANDREW PERLMAN
Entrepreneur

CARLA PERLO
Founding Director
Dance Place

JONATHON PERRELLI
Managing Director
Fortify Ventures

LAURA POSSESSKY
Owner
Gura & Possessky, PLLC

JOHN REID
Executive Vice President, Executive
Creative Director
RTC Marketing

ERIC RICHARDSON
Director
DC Office of Cable Television

NANTZ RICKARD
President & CEO
Public Access Corp of the District
of Columbia (DCTV)

DEBORAH RILEY
Director
Dance Place

ADELE ROBEY
Owner
Anacostia Playhouse

JEFF ROSS
President & CEO
RTC Marketing

KATE ROSS
Co-founder
CUFF

TIMOTHY SACHS
Senior Vice President
ABC Imaging

SAGE SALVO
Founder and President
WORDS LiVE

SENTHIL SANKARAN
Director of Development
EDENS

PAUL SCHUTT
Co-CEO
Issue Media Group

MANISH SEHGAL
Client Services
LogicBox

KEITH SELLARS
President & CEO
Washington DC Economic Partnership

ANTHONY SHOP
Chief Strategy Office & Co-founder
Social Driver

WAYNE SIMMONS
CEO & Co-founder
The Growth Strategy Company

DAN SIMONS
Managing Partner
Farmers Restaurant Group

JONAS SINGER
Owner
Union Kitchen and Blind Dog Cafe

MARGARET SINGLETON
Vice President, Contracts and Programs
DC Chamber of Commerce

ADAM SLAGOWSKI
Vice President, Government Solutions, DC
HUGE

SAM SWEET
Executive Director (Through May 2014)
Atlas Performing Arts Center

KATE WATTS
Managing Director, DC
HUGE

MAX WESSEL
Vice President Corporate Strategy
SAP

DONNA WESTMORELAND
COO
I.M.P.

GERRY WIDDICOMBE
Director of Economic Development
Downtown DC BID

ROB WILDER
Partner and CEO
Think Food Group

EMMETT WILLIAMS
President
Mission Man Media

KINNEY ZALESNE
Principal Strategist
Microsoft

ADAM ZUCKERMAN
Co-founder
Fosterly

JONATHAN ZURER
Producer
Thinkfilm

DISTRICT RESOURCES

DC GOVERNMENT OFFICES

OFFICE OF THE DEPUTY MAYOR FOR PLANNING & ECONOMIC DEVELOPMENT (DMPED)

202.727.6365 | dmped.dc.gov

COMMISSION ON THE ARTS & HUMANITIES

202.724.5613 | dcarts.dc.gov

DC MAIN STREETS

202.727.3900 | restore.dc.gov

DEPARTMENT OF CONSUMER & REGULATORY AFFAIRS (DCRA)

202.442.4400 | dcra.dc.gov

DEPARTMENT OF EMPLOYMENT SERVICES (DOES)

202.724.7000 | does.dc.gov

DEPARTMENT OF THE ENVIRONMENT

202.535.2600 | ddoe.dc.gov

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DHCD)

202.442.7200 | dhcd.dc.gov

DEPARTMENT OF INSURANCE, SECURITIES AND BANKING

202.727.8000 | disb.dc.gov

DEPARTMENT OF SMALL & LOCAL BUSINESS DEVELOPMENT

202.727.3900 | dslbd.dc.gov

EXPORTDC

202.727.3900 | dslbd.dc.gov

METROPOLITAN POLICE DEPARTMENT BUSINESS SERVICE DIVISION

202.727.8711 | mpdc.dc.gov

OFFICE OF CONTRACTING AND PROCUREMENT (OCP)

202.727.0252 | ocp.dc.gov

OFFICE OF ENTERPRISE ZONE AND REVENUE BOND PROGRAM

202.727.6365 | dcbiz.dc.gov

OFFICE OF PARTNERSHIPS AND GRANTS SERVICES

202.727.8900 | opgd.dc.gov

OFFICE OF PLANNING

202.442.7600 | planning.dc.gov

OFFICE OF TAX AND REVENUE

202.727.4TAX | otr.cfo.dc.gov

FUNDING OPPORTUNITIES – BUSINESS

ACCELEPRISE

202.833-1079 | acceleprise.vc

CHALLENGE CUP (1776)

challengecup.1776dc.com

CONNECTECH

202.727.3900 | dslbd.dc.gov/service/connectech

DC MAIN STREETS

202.727.3900 | dslbd.dc.gov

ENTERPRISE DEVELOPMENT GROUP

703.685.0510 | entdevgroup.org

GREAT STREETS

dmped.dc.gov

H STREET COMMUNITY DEVELOPMENT CORPORATION

202.544.8353 | hstreetcdc.org

LATINO ECONOMIC DEVELOPMENT CORPORATION

202.588.5102 | ledcdc.org

WASHINGTON AREA COMMUNITY INVESTMENT FUND

202.529.5505 ext. 19 | wacif.org

WHEELER CREEK DEVELOPMENT CORPORATION

202.574.1508 | wheelerce.org

FUNDING OPPORTUNITIES – NONPROFITS

CENTER FOR NONPROFIT ADVANCEMENT

202.457.0540 | nonprofitadvancement.org

DC COMMISSION ON THE ARTS & HUMANITIES

202.724.5613 | dcarts.dc.gov

DC OFFICE OF PARTNERSHIPS & GRANT SERVICES

202.727.8900 | opgs.dc.gov

FOUNDATION CENTER

202.331.1400 | foundationcenter.org/Washington

HUMANITIES COUNCIL OF WASHINGTON, DC

202.387.8391 | wdchumanities.org

MID ATLANTIC ARTS FOUNDATION

410.539.6656 | midatlanticarts.org

WASHINGTON REGIONAL ASSOCIATION OF GRANTMAKERS (WRAG)

202.939.3440 | washingtongrantmakers.org

GENERAL BUSINESS SUPPORT

CAPITOL AREA GAY & LESBIAN CHAMBER OF COMMERCE
202.436.2028 | caglcc.org

DC CHAMBER OF COMMERCE
202.347.7201 | dcchamber.org

DC SMALL BUSINESS DEVELOPMENT CENTER
202.806.1550 | www.dcsbdc.org

DC WOMEN'S BUSINESS CENTER
202.393.8307 | dcwbc.org

GREATER WASHINGTON BOARD OF TRADE
202.857.5900 | bot.org

GREATER WASHINGTON FASHION CHAMBER OF COMMERCE
202.355.3929 | gwfcc.org

GREATER WASHINGTON HISPANIC CHAMBER OF COMMERCE
202.728.0352 | gwhcc.org

MINORITY BUSINESS DEVELOPMENT AGENCY (MBDA)
202.482.2332 | www.mbda.gov

U.S. SMALL BUSINESS ADMINISTRATION'S CORE
202.272.0390 | www.scoredc.org

WASHINGTON, DC ECONOMIC PARTNERSHIP
202.661.8670 | wdcep.com

LEGAL RESOURCES

AMERICAN UNIVERSITY WASHINGTON COLLEGE OF LAW AND ECONOMIC DEVELOPMENT LAW CLINIC (CEDLC)
202.274.4147 | wcl.american.edu/clinical/community.cfm

THE GEORGE WASHINGTON UNIVERSITY SMALL BUSINESS & COMMUNITY ECONOMIC DEVELOPMENT LAW CLINIC
202.994.7463 | law.gwu.edu/sbced

UNIVERSITY OF THE DISTRICT OF COLUMBIA DAVID A. CLARKE SCHOOL OF LAW SMALL BUSINESS LAW CENTER
202.274.5122 | law.udc.edu

WASHINGTON AREA LAWYERS FOR THE ARTS
waladc.org

LOCATION ASSISTANCE

COMMUNITY DEVELOPMENT CORPORATIONS (CDCS)
brc.dc.gov/incentives/community.asp

CULTURALDC
202.315.1305 | culturaldc.org

DC BUILDING INDUSTRY ASSOCIATION (DCBIA)
202.966.8665 | dcbia.org

DC SPACEFINDER
dcspacefinder.org

DEPARTMENT OF SMALL & LOCAL BUSINESS DEVELOPMENT
202.727.3900 | dslbd.dc.gov

GREATER WASHINGTON COMMERCIAL ASSOCIATION OF REALTORS®
301.590.2000 | gwcar.org

THE WASHINGTON, DC ECONOMIC PARTNERSHIP (WDCEP)
202.661.8670 | wdcep.com

TECHNICAL ASSISTANCE

1776
1776dc.com

ACCELERATEDC
202.661-8670 | acceleratedc.org

SMALL BUSINESS RESOURCE CENTER

A CLEARINGHOUSE FOR LOCAL ENTREPRENEURS

At the heart of DC's thriving economy sits a dynamic small business community. Small businesses remain the economic driver in the District, and the Small Business Resource Center (SBRC) gives entrepreneurs a roadmap to navigate their futures.

The SBRC is a gateway to the District's many services designed to assist innovators launching their first business or opening a second one. SBRC offers entrepreneurs resources to prepare business plans, make sense of tax and regulatory policies and find new marketing and insurance options.

A partnership between the Department of Small and Local Business Development, the Department of Consumer and Regulatory Affairs and nonprofit and federal organizations that serve District businesses, the SBRC cultivates an environment that gives entrepreneurs essential business development tools.

The SBRC is more than an information clearinghouse, though. It's a portal to online training, business document templates and one-on-one technical assistance. It connects local companies to business opportunities in real-time and supports quick and confident navigation of government.

Check out dslbd.dc.gov.

TECHNICAL ASSISTANCE



AMERICAN SOCIETY OF ASSOCIATION EXECUTIVES

202.371.0940 | asaecenter.org

BUSINESS VOLUNTEERS FOR THE ARTS

202-393-2161 | culturecapital.org

CULTURECAPITAL

Culturecapital.com

DC WEB WOMEN

DCwebwomen.org

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DHCD)

202.442.7200 | dhcd.dc.gov

FOUNDATION CENTER

202.331.1400 | foundationcenter.org/Washington

GREATER WASHINGTON FASHION CHAMBER OF COMMERCE

202.355.3929 | gwfcc.org

INCUBATORS, ACCELERATORS AND CO-WORKING SPACES

1776

1776dc.com

From its campus near the White House, 1776 is a hub for startups tackling challenges in education, energy, health care, government and other critical industries. Startups at 1776 receive mentorship, corporate connections, access to capital, media attention and a pipeline of top talent.

ACCELEPRISE

acceleprise.vc

Acceleprise is an accelerator focused on enterprise technology. It provides both capital and community support to enterprise entrepreneurs while they work from a shared office in the District.

AFFINITY LAB LLC

affinitylab.com

Affinity Lab provides basic infrastructure and collective workspace for a variety of media production companies, freelancers and entrepreneurs of growing enterprises in the District. They act as both an incubator and an executive office suite.

CANVAS

canvas.co/work

Canvas is a co-working community designed for creatives, freelancers, independents and startups. It also hosts the DC Device Lab, which allows software developers to test products on a range of devices.

CENTER FOR GREEN URBANISM

centerforgreenurbanism.org

The Center for Green Urbanism is an incubator in Ward 7 that caters to entrepreneurs and companies that want to create green businesses.

COVE

Cove.is

Cove is a shared working space for individuals and businesses looking for space to work. It provides community members access to unlimited printing, scanning, fast WiFi and free coffee.

THE DC HIVE

thedhive.com

The incubator brings businesses and entrepreneurs together in the historic Anacostia business district. Memberships include unlimited 24/7 access, WiFi, flexible terms, meeting space and access to office equipment, as well as workshops and networking events.

DIGITAL COMMONS AT MLK

dclibrary.org/digitalcommons

The Digital Commons is located at the Martin Luther King Jr. Memorial Library. It has office and meeting space, and it offers 70 computers loaded with software like the Adobe Creative Suite and access to tools like a 3-D printer and an Espresso book machine.

DIGITAL COMMONS AT MLK LIBRARY

AN UNCOMMON PLACE FOR CREATION

Imagine a laboratory where entrepreneurs, designers and inventors come together under one roof to plan their latest enterprises, design their next books or use a 3D printer to produce their newest inventions. Now, imagine that this laboratory sits inside a public library.

The Digital Commons at the Martin Luther King Jr. Memorial Library is such a space. Designed for everyone from entrepreneurs to technology novices to an inquiring public, the library is an entry point for launching a creative

startup or learning about a new career. It provides free access to cutting-edge technologies, proprietary software, meeting spaces and training opportunities.

Its resources – a 3D printer, a 3D scanner, the Digital Dream Lab and the Espresso Book Machine – are the tools of the trade for creative organizations, businesses and individuals. The Digital Commons helps District residents master Adobe Creative Suite or discover captivating audio storytelling. The Digital Commons supports innovators at every stage of the creative enterprise, from concept to completion.

Check out dclibrary.org/digitalcommons.



ACCESS
TO SPACE

DUPONT CIRCLE BUSINESS INCUBATOR

[Facebook.com/dcincubator](https://www.facebook.com/dcincubator)

The Dupont Circle Business Incubator provides space, programming, services and networking for its members.

EATSPPLACE

[Eatsplace.com](https://www.eatsplace.com)

EatsPlace is a food and restaurant incubator: a community commercial kitchen and marketplace with dining space to host pop-up restaurants and guest chef residencies.

EXHILARATOR

[exhilarator.com](https://www.exhilarator.com)

Exhilarator is not an incubator but a company that helps scale business from small to large on an equity or fee basis. Services include business plan refinement, marketing services, investment opportunities and platform development.

FABLABDC

[Fablabdc.org](https://www.fablabdc.org)

Fab Lab provides access to prototype tools for personal fabrication, such as a personal computer that can output functional objects instead of images on a screen.

FLASHPOINT AT CULTURALDC

[culturaldc.org](https://www.culturaldc.org)

Flashpoint's incubator residency helps arts organizations and creative businesses develop an administrative infrastructure and financial capacity. It provides management resources and technical assistance to resident organizations, as well as access to office, rehearsal and performance space.

FLEX OFFICE SPACE

[flexofficespace.com](https://www.flexofficespace.com)

Flex Office Space offers flexible affordable space. Located in the H Street DC HUB zone, it has an open floor plan and dedicated desks allowing for a variety of pricing plans for members.

FORTIFY VENTURES

[The Fort.vc](https://www.thefort.vc)

Fortify is an early stage technology investment fund that invests in and provides support for innovative and disruptive product and platform startups in high-growth markets.

IMPACT HUB DC

[hubdconline.org/hub-dc](https://www.hubdconline.org/hub-dc)

With professional hosts optimizing members' access to workspace, participation in regular events and programming, and collaboration within a dynamic local community, Impact Hub DC helps entrepreneurs create and scale projects.

STARTUP KITCHEN

thinklocalfirstdc.com/blog/startup-kitchen-by-nurish-the-center-for-a-creative-culinary-economy

This eight-week rapid incubator for culinary entrepreneurs offers formal mentorship with a DC business owner and opportunities to temporarily partner with a local restaurant.

UNION KITCHEN

[Unionkitchendc.com](https://www.unionkitchendc.com)

Housed in a 7,300-square-foot warehouse, Union Kitchen helps grow and promote small businesses, providing low-cost, low-risk and full-service kitchen and marketing services for local businesses to grow and establish their operations.

WEWORK

[Wework.com/services](https://www.wework.com/services)

WeWork is a co-working space that offers a broad collection of services. Membership levels guarantee access to space, as well as health care and payroll, web hosting, design services and travel discounts.

UPSTART

A LADDER TO SUCCESS

The DC Commission on the Arts and Humanities supports arts organizations today and over the long term by building their capacity for growth and sustainability. It accomplishes this through strategic initiatives like UPSTART, the innovative management counseling and grant program.

The District's diverse cultural landscape can only be maintained if arts and humanities nonprofits are strong and agile enough to overcome short-term financial difficulties and organizational challenges. UPSTART is one bridge to that future.

UPSTART assists established DC-based arts and humanities nonprofits, between \$100,000 and \$1.5 million in size, that face financial limitations or operational and infrastructure challenges that hinder expansion.

UPSTART's success stories are many but two stand out, Step Afrika! and the Washington Project for the Arts (WPA). WPA received three \$50,000 grants between 2008 and 2014, much of the money was spent to invest in equipment, technology and website development. The group also invested in bolstering its fundraising efforts to build its reserves.

Step Afrika! received two UPSTART grants, one for \$100,000 in 2006 and a second for \$59,000 in 2012. The first grant was used to hire a company manager and pay for performance productions and a promotion video.

The goal of the second grant was strengthening the organization's economic stability, allowing Step Afrika! to hire a development director, a fundraising consultant and a publicist.

Check out dcarts.dc.gov.

ACCESS TO
RESOURCES





EMPOWER GRAPHIC DESIGNER PASSIONATE FASHION PHOTOGRAPHER
PROMOTE TV GRAPHICS DESIGNER GIFTED SPECIAL EFFECTS ARTIST INGENIOUS
STYLIST VENTURE CREATIVE DIRECTOR INNOVATIVE ANIMATOR SUSTAINABLE
WEB DESIGNER INVENTIVE PRODUCTION MANAGERS QUALIFIED FONT
DESIGNER NURTURE ART AUCTIONEER SAVVY ART GALLERY OWNER MASTERFUL
SCULPTOR COLLABORATE PERFORMANCE ARTIST ARTISTIC TEXTILE PAINTER
ASSIST ARTISTIC FABRICATED CERAMIC ARTIST SUPPORT PRINTMAKER
CONFIDENCE COSTUME DESIGNER ENLIGHTEN FILM DIRECTOR FRESH PHOTO
EDITOR ORIGINAL FASHION DESIGNER GROW MAKEUP ARTIST VIGOROUS SET
DESIGNER AGILE CHOREOGRAPHER DEVOTED ACTOR ABLE DANCE INSTRUCTOR
ACCOMPLISHED BAKER EFFORTLESS CULINARY ARTISAN COOL TATTOO
ARTIST SIGNMAKER DEEP JEWELER CUSTOM T-SHIRT DESIGNER INSPIRED
STAINED-GLASS ARTIST AVANT-GARDE MOSAIC ARTIST TALENTED FLORIST
SAGE GLASSBLOWER CONSTRUCTIVE ART CRITIC PROFOUND FILM CRITIC
CELEBRATE ART HISTORIAN TRANSFORMATIVE ILLUSTRATOR HUB COMIC BOOK
ARTIST ENERGETIC MEDICAL ILLUSTRATOR ORIGINAL NEWS PHOTOGRAPHER
MAGNET REPORTER CONNECT EDITOR BOLD ARTS COLUMNIST PERCEPTIVE
CARTOONIST FRUITFUL GREETING CARD DESIGNER ASPIRE ADVERTISING
DESIGNER BUILD ART TEACHER POWERFUL FURNITURE DESIGNER BRIGHT
LANDSCAPE DESIGNER INTELLIGENT ARCHITECT HIP ENGINEER RISK
INTERIOR DESIGNER VISIONARY AUTOMOBILE DESIGNER ENDOWED PRODUCT
DESIGNER CLEVER PACKAGING DESIGNER SHARP WAITER INVENTIVE CODER
ADROIT COMPUTER SOFTWARE DEVELOPER GUIDE INFORMATION SECURITY
ANALYST DYNAMIC DATABASE ADMINISTRATOR VALIDATE MARKET RESEARCH
ANALYST OPPORTUNITY MERCHANDISE DISPLAYERS SERVE PRODUCERS TOUGH
ATHLETES THRIVE COACHES ROBUST UMPIRES INGENIOUS REFEREES ALERT
CHOREOGRAPHERS PREPARED DANCERS ACCESS MUSICIANS CAPTIVATE
SINGERS WORTHY MUSIC DIRECTORS KEEN COMPOSERS BRILLIANT RADIO
AND TELEVISION ANNOUNCERS SKILLED PUBLIC RELATIONS STORIED
SPECIALISTS COOPERATE TECHNICAL WRITERS PROLIFIC INTERPRETERS
DEXTEROUS TRANSLATORS FORMATIVE SOUND ENGINEERS PRACTICED
CAMERA OPERATORS RESOURCEFUL ARCHIVISTS ENTREPRENEUR CURATORS
WELL-INFORMED MUSEUM TECHNICIANS CONSERVATORS BRAINY LIBRARIANS
ASTUTE LIBRARY TECHNICIANS CREATE URBAN AND REGIONAL PLANNERS
COMMUNITY CHEFS PRODUCTIVE HEAD COOKS APT FOOD PREPARERS
ENDURING BARTENDERS CAPABLE DISHWASHERS ENTERPRISING HOSTESSES
PROFICIENT BUTCHERS LAUNCH FOOD ARTISANS PARTNERSHIP BOLD

**OFFICE OF THE DEPUTY MAYOR FOR
PLANNING AND ECONOMIC DEVELOPMENT**
1350 Pennsylvania Avenue, NW, Suite 317
Washington, DC 20004

For further information, please visit
DCBIZ.DC.GOV

Please email your questions to
DCBIZ@DC.GOV

