



# Challenge Seattle

## 2019 Annual Report



Committed Leaders.  
Shared Vision.  
Greater Good.

# ABOUT CHALLENGE SEATTLE

Launched in 2015, Challenge Seattle's CEOs made a five-year commitment to collectively tackle some of the region's most pressing civic challenges. Led by former Washington State Governor Christine Gregoire, Challenge Seattle harnesses the committed leadership, unique resources, and world-class talent of its members to find innovative solutions and inspire collective action for the greater good.

## OUR MEMBER COMPANIES



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# THANK YOU

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**2019** has been an important year, the culmination of our first five as Challenge Seattle. When we first set out on this journey in 2015, we dedicated Challenge Seattle to providing civic leadership in partnership with others to address challenges to a future we all want. While much remains to be done, I can confidently say that we have made significant progress in the last five years, and I am proud of our accomplishments.

Over the past 12 months alone, we have made good progress. We took on a new challenge, the lack of affordable housing for our region's middle-income families and individuals, and transformed what was once an invisible crisis into a statewide conversation. We have an exciting vision for the future of the Cascadia Innovation Corridor, which will be made possible by our work to bring together our mega-region's world class organizations and experts.

Our education programs continue to scale their impact. Our Career Discovery Tours reached over 2,000 students in 2019. We are bringing our teacher externship program to scale with other employers, and our newest program is empowering our region's high school principals to grow as leaders and support one another in their complex, critical role. The Global Innovation Exchange has advanced to the point that we are implementing GIX 2.0, an aggressive new plan developed with the Boston Consulting Group to take GIX to a new level.

Our transportation programs continue to re-imagine mobility for our region. The Mobility Innovation Center is bringing together the public and private sectors to partner on projects that will re-define how we interact with our transportation system. This year, we researched re-allocating curb space to improve pedestrian safety and reduce congestion, and are re-defining how public agencies work together virtually to address traffic incidents and keep the public moving.

Following our work to launch Greater Seattle Partners, we have been proud to watch its successful first year as the first--and long overdue--organization dedicated to regional economic development.

2020 marks the start of our next five years. We are excited to continue to take on some of the greatest challenges facing our region. Thank you for your enthusiasm, support, and most of all, leadership over five impactful years.

**Chris Gregoire**  
Challenge Seattle CEO

# THANK YOU TO OUR ALUMNI

We have 30 Challenge Seattle members and alumni. We thank our alumni, many of whom were founding members, for their continuing support and leadership.

Ted Baseler, Ste Michelle Estates  
Ray Connor, Boeing Commercial  
Airplanes  
Steve Davis, PATH  
Sue Desmond-Hellmann, Bill & Melinda  
Gates Foundation  
Kimberly Harris, Puget Sound Energy  
Dara Khosrowshahi, Expedia Group

Kevin McAllister, Boeing Commercial  
Airplanes  
Blake Nordstrom, Nordstrom  
Mark Okerstrom, Expedia Group  
Spencer Rascoff, Zillow Group  
Howard Schultz, Starbucks  
Doyle Simons, Weyerhaeuser Company  
Jerry Stritzke, REI Co-op



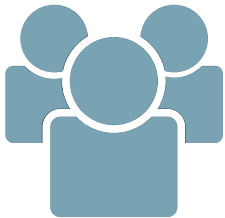
In 2019, we lost Blake Nordstrom, who was both a founding member and co-chair of Challenge Seattle. Blake was a successful businessman, an exceptional civic leader, and a terrific person. We will all miss him and are committed to keeping his community legacy moving forward.

CHALLENGE SEATTLE REMEMBERS  
**BLAKE NORDSTROM**



# 2019: CHALLENGE SEATTLE CELEBRATES 5 YEARS

In 2015, Challenge Seattle launched with 18 leaders committed to four programs: Education, Transportation, Telling Our Story, and Good Jobs throughout the region. In 2018, we transferred the latter two programs to an organization we helped create that is dedicated to regional economic development: Greater Seattle Partners. That same year we added two new programs: Cascadia Innovation Corridor and Affordable Middle-Income Housing. In 2019, we continued to scale the impact of our two original programs, made significant progress building our two new programs, and celebrated five years of success, all while looking ahead to five more years of civic leadership.



## LEADERSHIP

We built a powerful community of CEOs.

**30**

ACTIVE AND ALUMNI CEO  
MEMBERS ANSWERED THE  
CALL TO PROVIDE  
CIVIC LEADERSHIP



## JOB

We launched a world class economic development organization to create good jobs throughout the entire region.

**\$4.8M**

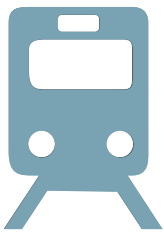
RAISED BY GREATER  
SEATTLE PARTNERS  
TO DRIVE REGIONAL  
ECONOMIC DEVELOPMENT



## EDUCATION

We invested in our region's future workforce, engaging students, teachers, and principals.

**28,000+**  
STUDENTS IMPACTED  
THROUGH OUR PROGRAMS



## TRANSPORTATION

We created the Mobility Innovation Center to address regional transportation challenges for today and tomorrow.

**5.5x**  
EVERY DOLLAR  
CHALLENGE SEATTLE  
INVESTS IN THE MOBILITY  
INNOVATION CENTER  
LEVERAGED \$5.50 FROM  
OUR PUBLIC AND PRIVATE  
PARTNERS



## CASCADIA

We created a vision for Cascadia 2035 - to bring together experts from Portland, Seattle, and Vancouver, B.C. to invent tomorrow together.

**7**  
REGIONAL COMMITTEES  
CREATED TO ESTABLISH  
AN EXPERT MEGA-REGION  
STEERING COMMITTEE



## HOUSING

We revealed the invisible crisis and built partnerships to address middle-income housing affordability.

**KING COUNTY MAYORS,  
LABOR LEADERS, &  
HOUSING DEVELOPERS  
COMMITTED  
TO PARTNER IN  
ADDRESSING MIDDLE-  
INCOME HOUSING  
AFFORDABILITY**



# EDUCATION

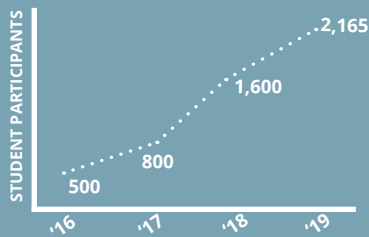
In 2015, our region faced a projected shortfall of 49,000 skilled workers by 2020. In response, Challenge Seattle set to work to support our region’s educators in shaping a world-class workforce right here at home. In K-12 education, we took a unique, comprehensive approach. Our members gave their time, invested their energy, and opened their doors to students, teachers, and principals from around our region. Today, those programs reach thousands of students every year, and our work to take them to scale has just begun.

In higher education, we partnered with the University of Washington and Tsinghua University in Beijing to develop a new, modern approach to graduate studies: the Global Innovation Exchange. Working in teams on project-based curriculum, students solve real-world challenges with global implications. In 2019, Challenge Seattle partnered with the Boston Consulting Group to create GIX 2.0, a plan that will build on the program’s successful start-up phase and take it to the next level.

## PROGRAMS BY THE NUMBERS

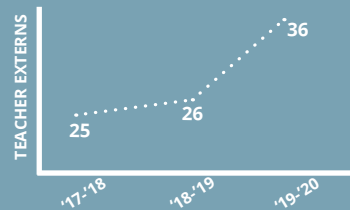
### 5,000+ STUDENT TOUR PARTICIPANTS

**Career Discovery Tours** give high school students from across our region first-hand experience at our region’s world-class employers. Over 5,000 students have participated since 2016.



### 36 TEACHER EXTERNS

**ACCESS STEM** connects K-12 teachers with the real-world careers their curriculum must prepare students for by placing them directly in the workplace. 14 of this year’s externs were hosted by CS companies. The full cohort of 36 teachers will impact over 4,000 students.



### 42 PUBLIC HIGH SCHOOL PRINCIPALS

**The CEO Project** has brought together 42 public high school principals, providing professional development and a network of school leaders dedicated to one another’s success. Each principal is also paired with a senior executive from the private sector to share leadership lessons that span industry borders.

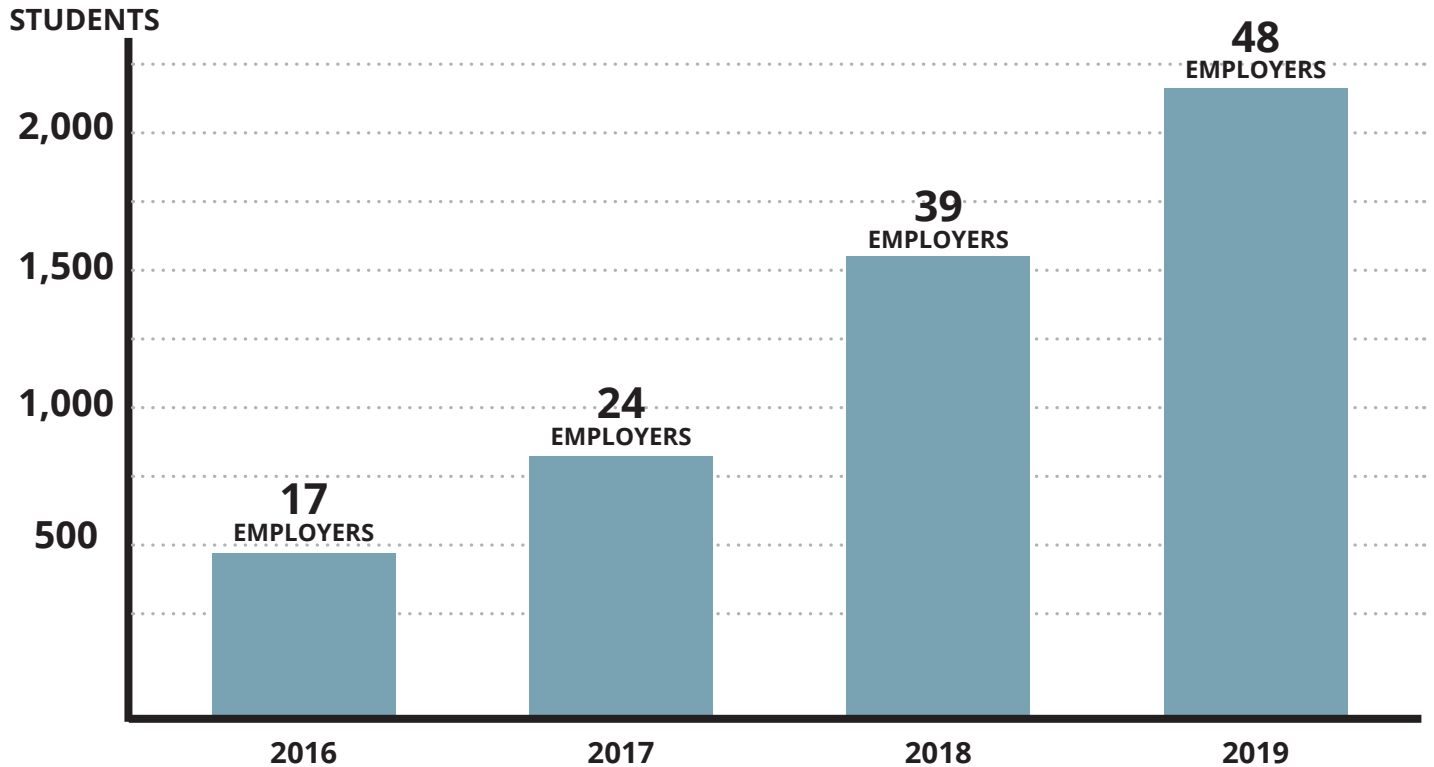
### 90 INNOVATIVE GRADUATES

**Global Innovation Exchange** offers graduate degrees from the Univ. of WA and Tsinghua Univ. in Beijing. The interdisciplinary, project-based curriculum provides a one-of-a-kind opportunity to students interested in solving real-world challenges.



# SCALING THE EMPLOYER NETWORK

Participation in our Career Discovery Tours by Challenge Seattle’s 18 companies continues to inspire participation among a much broader community of employers.



## SPOTLIGHT ON: THE CEO PROJECT

2019 marked the first full calendar year of our program supporting high school principals: The CEO Project.

A partnership between Challenge Seattle, the Association of Washington School Principals, and Washington Roundtable, The CEO Project aims to improve principal retention by providing professional development and networking opportunities to high school principals from around our region. Participating principals spend two years together, gathering for two-day leadership training sessions and building a network of support. Each principal is also paired with a senior business executive, creating bonds between the private sector and our schools while providing leadership lessons that span industry boundaries.



KIMBERLY HARRIS, CEO OF PUGET SOUND ENERGY, & SCOTT FRIEDMAN, AWSP, ADDRESS THE 42 PUBLIC HIGH SCHOOL PRINCIPALS PARTICIPATING IN THE CEO PROJECT



# TRANSPORTATION

In partnership with transportation leaders, Challenge Seattle brings stakeholders together to think creatively and take action to solve our region's transportation challenges. Leading by example, Challenge Seattle members are committed to reducing their own impacts on the system by radically shifting how their employees get to work. In partnership with the University of Washington, Challenge Seattle established the Mobility Innovation Center (MIC), which brings together the resources and expertise of the public, private, and academic sectors to create new innovations to our regional transportation system.

The MIC's work has propelled our region to embrace cutting edge technology to solve transportation challenges -- from deploying drones to quickly clear incidents to building a Virtual Command Center that harnesses cloud technology to enable data-driven, regional management of our transportation system.

## THE VIRTUAL COMMAND CENTER: RE-DEFINING INCIDENT RESPONSE

The Virtual Command Center project has brought together 7 public agencies to re-define their shared response to traffic incidents. The Center will pull real-time data from all 7 agencies into a common dashboard, allowing responders across agencies to see incidents as they happen, make more informed, coordinated response decisions, and deliver a unified public message. The public will receive information not just about the incident itself, but how it is impacting the rest of the system and what alternative routes will get them to their destination safely and efficiently.

**\$1.93  
MILLION**

**JOINT PUBLIC & PRIVATE  
FUNDING COMMITTED  
TO THE I-5 VIRTUAL  
COMMAND CENTER  
PROJECT**

**\$355  
BILLION**

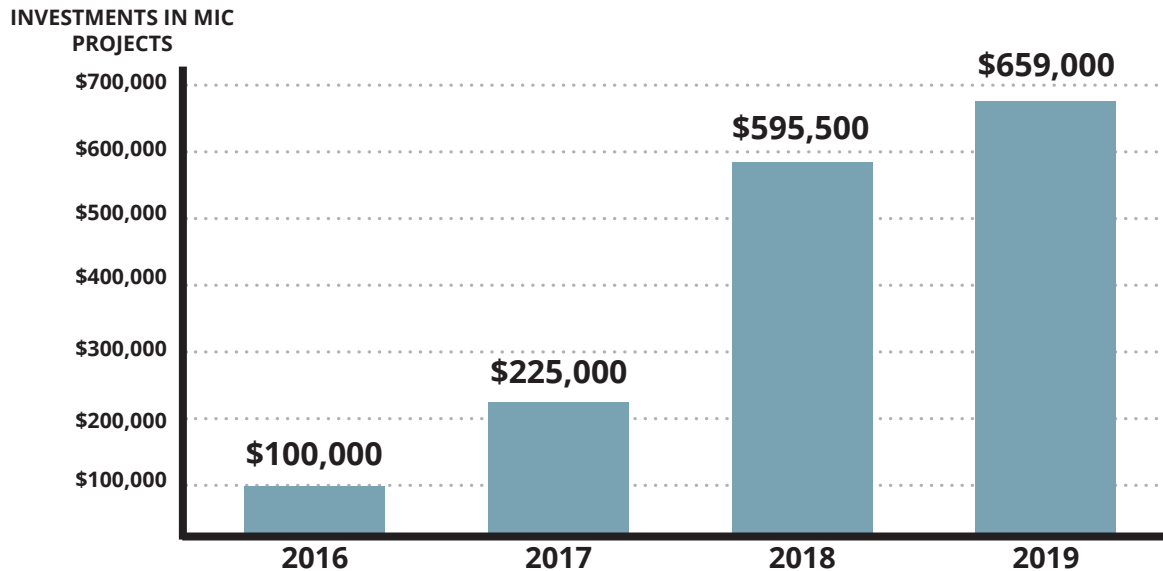
**ESTIMATED ECONOMIC  
CONTRIBUTION TO THE  
REGION BY 2040 FROM  
ULTRA HIGH-SPEED  
TRANSPORTATION**

## ULTRA HIGH-SPEED TRANSPORTATION: RE-IMAGINING MOBILITY IN THE REGION

Ultra high-speed transportation (UHST) has the potential not only to transform how we move about the region, but also to offer innovative solutions to housing affordability and internet connectivity challenges in our communities. That is why Microsoft, Washington, Oregon, and British Columbia have all invested in a feasibility study to understand the full benefits UHST would offer our region. Phase I of that study has already been completed, and the results were staggering: 200,000 jobs and \$355 billion in estimated economic growth for our region as a direct result of UHST. Phase II of the study is set to be completed by the end of 2020.

# INVESTING IN THE FUTURE OF MOBILITY

The future of our region's transportation system impacts all of us, which is why the Mobility Innovation Center continues to attract increasing support from across all sectors.



## 5

### MIC PROJECTS IN 2019

2020 Mobility Innovation Fund | ORCA Data Business Intelligence | Passenger Load Zone Strategies to Reduce Pick-Up & Drop-off Interactions with Transit Operations | Park & Ride Availability Information | Rider Rewards for Transit

## SPOTLIGHT ON: STUDYING SAFETY AT THE CURB

The Mobility Innovation Center released the results of a pilot study co-funded by Seattle DOT, Sound Transit, King County Metro, and Amazon. The study investigated options for supporting easier and less disruptive passenger pick-ups and drop-offs for ride-hail app vehicles like Uber and Lyft. Researchers tested the traffic impacts of providing more passenger loading zones paired with in-app geofencing technology that guided drivers and riders to designated load/unload locations. The results indicate that creating a designated space for passenger loading can discourage double-parking and reduce traffic conflicts. A second phase of the study has also received public and private funding and is set to begin in 2020.

## 5

**PUBLIC & PRIVATE INSTITUTIONS PARTNERING TO IMPROVE THE SAFETY AND EFFICIENCY OF OUR CITY STREETS**



# MIDDLE-INCOME HOUSING AFFORDABILITY

In June 2018, the Challenge Seattle CEOs discussed the housing crisis in the region and its impacts on our community, economy, and quality of life. Recognizing the significant attention and resources already being dedicated to address the housing challenges facing homeless and low-income populations, they asked what efforts were underway to address how the crisis was affecting middle-income households. This question led to the creation of Challenge Seattle's newest program: Middle-Income Housing Affordability.

We researched how this crisis is being confronted on the local, national, and international stages. We learned that it has yet to be successfully addressed anywhere in the world, and, importantly, that the impacts reach beyond the middle-income population. A shortage of affordable middle-income housing hurts households further down the income scale. We partnered with the Boston Consulting Group to raise awareness within our own region, leading to our report issued in January 2019 entitled "The Invisible Crisis: A Call to Action on Middle-Income Housing Affordability."

## "PRICED OUT": THE INVISIBLE CRISIS BY THE NUMBERS

Today, a middle-income family cannot afford to buy a median-priced home in King County. For example, a registered nurse earning \$80,000 per year was "priced out" of the area in 2014. The trend continues to hit city after city: 2013 was the last year a nurse could afford to buy a house in Seattle; in 2017, Renton became too expensive. Of course, nurses are just one example of the many middle-income jobs affected by this crisis. Teachers, firefighters, electricians, paramedics, construction workers, and many more are also impacted.

**60%**

**RISE IN HOME PRICES OVER LAST DECADE**

In the last decade, median home prices rose nearly 60%—three times the national growth rate.

**7x**

**MEDIAN HOME VALUE VS. MEDIAN INCOME**

In 2019, the median home value in King County was 7x the median household income, more than double the national multiple.

**100,000**

**MEGA-COMMUTERS BY 2020**

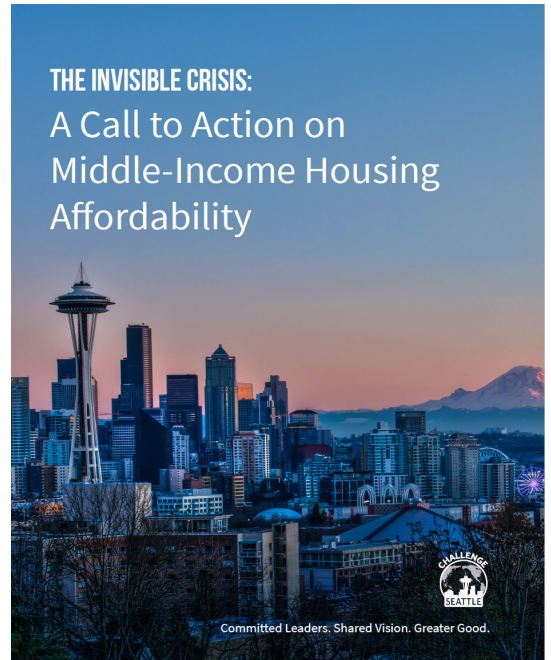
Often forced to live farther from work to find affordable housing, mega-commuters drive >90 min. each way. Our region's population of mega-commuters has increased 70% since 2010.



# CHALLENGE SEATTLE TAKES ACTION

In January 2019, Challenge Seattle, in partnership with the Boston Consulting Group, issued “The Invisible Crisis: A Call to Action on Middle-Income Housing Affordability.” This report focused on the much-felt but little-noticed toll the housing affordability crisis is having on middle-income households, and its implications for low-income and homeless members of our communities as well.

Our work has spurred huge progress already. We have raised the bar for private-sector investment in housing and have united the elected leadership of our cities. Microsoft announced an unprecedented commitment of \$500M to address housing affordability, \$225M of which was committed to middle-income housing. We also established a unique, public-private partnership starting with 9 King County Mayors. We have since welcomed all King County mayors to the partnership, as well as the King County Labor Council (MLK Labor) and leading housing developers. We continue to engage with funders, non-profits, financial institutions, and others to join the public-private partnership needed to tackle this issue.



## OUR PLEDGE

Challenge Seattle is committed to action. We will lend our voice, data, expertise, and resources. We will encourage investment, and we will support the public-private partnership needed for success.

If we all work together, we can ensure the future vitality of our region for generations to come.

### King County Mayors

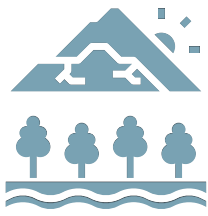
have joined the partnership, pledging “to do our part to break down barriers and provide incentives to substantially increase the supply of quality housing for all households in our community.”

### Housing Developers

have committed to finding new solutions such as common affordable housing permits with shared policies and timelines.

### King County Labor Council

(MLK Labor) representing thousands of members, signed onto the partnership, committing to “work with policymakers to break down regulatory barriers as part of a broad policy approach that supports affordable housing”.



# CASCADIA INNOVATION CORRIDOR

Mega-regions, which connect networks of major cities, are widely understood to be the new units of competition in the global economy. About 40 mega-regions exist worldwide. The 11 mega-regions located within the U.S. represent more than 70% of the nation's population and jobs. Cascadia, which connects Portland, OR, Seattle, WA, and Vancouver, B.C., has long been recognized as a mega-region, but was organizationally inactive until 2016. That year, a renewed effort began, starting with identifying the similarities, opportunities, and challenges shared by Cascadia's three major cities. In 2018, Challenge Seattle assumed the role of co-chair of the effort to more deeply connect this mega-region. Together with our partner, the Business Council of British Columbia, we have since established a distinguished Steering Committee comprised of experts from throughout the region. These experts chair seven sub-committees, each focused on an area of shared strength and strategic importance for the mega-region.

## OUR VISION FOR CASCADIA 2035

Cascadia is recognized as a global center of innovation. We compete economically, empower our communities to thrive, tackle the most persistent societal problems in our region and share our success with the world.

## 7

### CROSS-BORDER COMMITTEES

- Best & Diverse Talent
- Efficient Cross-Border Movement
- Higher Education Research Excellence
- Life Sciences
- Sustainable Agriculture
- Transformative Technologies
- Transportation, Housing, & Connectivity

## SPOTLIGHT ON: 2019 CIC CONFERENCE

In October, Challenge Seattle hosted the fourth annual Cascadia Innovation Corridor conference, bringing together over 350 business, non-profit, public, and academic leaders from across the mega-region. The conference theme, "Cascadia 2035," gave life to our inspiring vision for the future of Cascadia.



DR. ALI TEHRANI, CEO, ZYMEWORKS | SUSAN MULLANEY, PRESIDENT, KAISER PERMANENTE | KEVIN MCALLISTER, FORMER CEO, BOEING COMMERCIAL AIRPLANES

# INVENTING TOMORROW TOGETHER: CASCADIA AT WORK

As co-chair of the Cascadia Innovation Corridor, Challenge Seattle is working to distinguish Cascadia as a center for innovation with a world-class economy that is as focused on doing good as it is on doing well, for both its own people and the world. In 2019, we established a vision for the future of Cascadia, "Cascadia 2035." In 2020, we will release a report that will continue to build understanding of Cascadia's unique identity as a mega-region. The work of our 7 sub-committees is already well underway:

**8**

**INDUSTRY PIONEERS COLLABORATING TO ESTABLISH CASCADIA AS A GLOBAL LEADER IN BLOCKCHAIN AND QUANTUM TECHNOLOGIES**

**1.5  
MILLION**

**CROSS-BORDER TRIPS MADE EASIER, FASTER, AND SAFER BY THE IMPLEMENTATION OF PASSENGER PRE-CLEARANCE TECHNOLOGY AT OUR PORTS**

**3**

**UNIVERSITIES WITH WORLD-CLASS FORESTRY PROGRAMS PARTNERING TO REVOLUTIONIZE WILDFIRE MANAGEMENT & URBAN SMOKE**

**9**

**EXPERT LEADERS FROM PUBLIC, PRIVATE, AND ACADEMIC INSTITUTIONS PARTNERING TO FUTURE-PROOF OUR FOOD SUPPLY**

**5**

**OF THE WORLD'S BEST CANCER RESEARCH INSTITUTES COMING TOGETHER THROUGH THE CASCADIA DATA DISCOVERY INITIATIVE TO CURE CANCER**

**2<sup>ND</sup>  
PHASE**

**FEASIBILITY STUDY FOR ULTRA HIGH-SPEED TRANSPORTATION JOINTLY FUNDED BY WASHINGTON, BRITISH COLUMBIA, OREGON, AND MICROSOFT**

**4**

**COMMUNITY & TECHNICAL COLLEGES COLLABORATING TO CREATE A NEW APPROACH TO WORKFORCE DEVELOPMENT FOR THE MODERN ECONOMY**

# Challenge Seattle thanks its partners working to improve our region:



(See Pages 14-15)



& many more, thank you for an impactful 2019!