



DATE: June 26, 2023

TO: Mayor Robinson and City Councilmembers

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Community Development Department

SUBJECT: Second quarter update on the City's recent economic development activities and progress on implementing the 2020 Economic Development Plan.

This Council item is a routine update on ongoing programs of the City's Economic Development work and progress on implementing the 2020 Economic Development Plan (the Plan). The Plan includes "Direct Strategies" focused in six areas: Capacity Building & Partnerships, Small Business & Entrepreneurship, Workforce, Retail, Creative Economy, and Tourism. In addition to these strategic areas, staff manages ongoing activities for Marketing & Business Attraction, Business Retention & Expansion, the Arts Program, as well as Citywide "Foundational Strategies" that span multiple functional areas.

EXECUTIVE SUMMARY

Bellevue's cultural and economic activity in Q1 continued to perform well while also dealing with large risks from macroeconomic trends. Layoffs have made significant headlines nationwide, but Bellevue residents continue to have an unemployment rate that is below what is considered "full employment." Hybrid work continues to weigh on the commercial office market, however Amazon's 3-day a week in office policy and complete buildout of Amazon's 555 Tower have provided additional confidence to the market. Programmatic and policy responses to these headwinds are ongoing, with specifics outlined below.

Topic Area	Metric
Downtown Office Vacancy	8.6%
Eastgate Office Vacancy	15.3%
May Hotel Occupancy	64% (-2%)
Unemployment Rate	2.5%

BUSINESS RETENTION & EXPANSION (BRE): *Build supportive relationships and provide technical assistance that facilitates their continued presence and growth.*

- **Biennial Business Survey:** The survey will take place in July of this year with the goal of assessing the current business and economic environment in Bellevue. Results are to be shared with Council in Q4 of this year. 2021 survey results can be found [here](#).

BUSINESS ATTRACTION: *Attract high quality and innovative employers and investment.*

- **Recruitment Activities:** CED has launched a business recruitment program focused on recruiting life science, hardware research and commercial space employers with the goal of diversifying employment within Bellevue. The program has resulted in 5 high-quality leads in the first quarter. Additionally, Bellevue welcomed Q5iD, a software development company and a number of new retailers across Bellevue.

WORKFORCE DEVELOPMENT: *Expand access to education and work-based learning opportunities that lead to industry certifications, degrees, and local job placement.*

- **Mentors in Tech:** Bellevue College and Mentors in Tech (MinT) are partnering to provide mentorship for 60 students for the first time in the 2023-2024 school year. This program is focused on non-traditional students who are pursuing a tech education to provide them the guidance on how to begin their careers in tech-related occupations. City of Bellevue's workforce development program served as a key convener in launching this program.

TOURISM: *Promote Bellevue as a destination of choice by promoting and developing events, activations, and unique assets*

- **Mobile Welcome Center:** Visit Bellevue has unveiled the new Mobile Welcome Center, nicknamed "Scout," at their annual Meeting in early May. This summer Scout can be found in various places along the Grand Connection, other strategic locations, and at festivals and events.
- **BellHop Visitor Circulator Pilot:** Starting on August 1st and running through December 31st visitors and community members alike will be able to hop on a point to point transportation circulator. This pilot will be an app based, free service within the downtown area.
- **Tourism Promotion Area:** Collection of Tourism Promotion Area fees will begin on July 1, 2023 and the Bellevue-Redmond Tourism Promotion Area Advisory Board will begin meeting in Q2 2023.

SMALL BUSINESS AND ENTREPRENEURSHIP: *Enhance the small business and startup ecosystem in Bellevue to facilitate the growth of small business.*

- **Startup425 Program Administration:** Startup425's first full-time staff person started in May and will start developing programming to support small business owners and entrepreneurs in all industries and expand equitable service delivery. An amendment to the Interlocal Agreement (ILA) will come to Council later in 2023 to streamline administration and provide additional needed flexibility for the program to evolve services to meet changing customer needs.

PARTNERSHIPS: *Build supportive, mutually beneficial relationships with external organizations that support delivery of world class service to Bellevue's businesses, residents, and entrepreneurs.*

- **District Development:** The City's district development program marked two milestones in Q1. On Old Main, Old Bellevue Merchants Association (OBMA) hosted

their largest wine walk to-date, with Outdoor Dining on Old Main to continue this summer. Proceeds from the wine walk will fund holiday lights and activations on Old Main this winter. In BelRed, the BelRed Arts District Community Alliance has been formally incorporated as a non-profit and continues organization building activities.

- **130th St. Site:** In late 2021, the City received an unsolicited proposal for development of the 130th TOD property from a developer with an option on an adjacent parcel. Upon review, City staff and project consultants determined that the proposal was generally feasible and worth additional negotiation.

To meet the City's obligation to Sound Transit under the Conveyance Agreement, it issued a public **Notice of Intent (NOI)** in 2022 to inform the community of its intention to enter negotiations with the developer. The City selected Vulcan as the preferred proposer and is moving forward with formal negotiations on delivery of a 300-stall parking garage.

GRAND CONNECTION: *Create a series of cohesive, connected and memorable spaces and pedestrian-focused experiences through the heart of downtown Bellevue.*

- **Place Management:** Building on work it began during the pandemic with “al fresco” outdoor dining on Main Street, CED is collaborating with staff from Transportation, Land Use, and Parks on a number of public-space management projects, including expanded outdoor dining with more restaurants participating this summer, “application guides” to make it easier to understand Bellevue’s process for public space uses (food trucks, holiday lights, etc.), and cataloging responsibilities in the Grand Connection corridor. CED is also leading an effort to activate City Hall Plaza with additional amenities as soon as this summer.
- **I-405 Non-Motorized Crossing:** In collaboration with Transportation and private-sector partners, work continues on the I-405 Non-Motorized Crossing project. A formal RFQ for design and engineering work concluded in mid-May, and Transportation expects to return to Council with a consultant contract later this year. This work is funded by a \$2.5 million contribution from Amazon which Council accepted in November 2022, as well as \$2.5 million in City CIP funds.

CREATIVE ECONOMY & ARTS: *Create a thriving creative sector and provide support for arts and culture.*

- **Downtown Park Northeast Corner Artwork:** The long-awaited artwork for the NE corner of Downtown Park, has been installed. Created by THEVERYMANY, and titled *Piloti*, the work reflects Bellevue's innovative technology sector, love of natural forms and its robust creative community of thinkers and makers. An official ribbon cutting will have taken place before this meeting on June 24th.



LOOKING AHEAD

Tonight's management brief provides an update on a smaller subset of cultural and economic development activity. Staff continues collaborative partnerships and programming on several other fronts. Notable items in the coming months include but are not limited to:

- Startup425 Inter-Local Agreement Amendment (Consent)
- Bellevue Downtown Association Update
- Retail Study Findings
- Grand Connection Implementation Work