

CITY COUNCIL STUDY SESSION

Economic Development First Quarter Update, January - March 2019.

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DIRECTION NEEDED FROM COUNCIL**INFORMATION
ONLY**

Tonight's Study Session will provide Council with an update of the City's economic development activities for Q1 of 2019.

RECOMMENDATION

N/A

BACKGROUND & ANALYSIS

This Council item is a routine update on the progress of implementing the Economic Development Plan (the Plan) adopted by the Council in July 2014. The process included a Situation Assessment outlining the major drivers and key economic clusters leading the Bellevue economy, stakeholder interviews focusing on insights and priorities from over 50 civic and business leaders, and ultimately a set of Direct Economic Development Strategies and Foundational Strategies.

Under the Plan, "Direct Strategies" are highly targeted activities that have the most immediate effect on businesses' satisfaction and job count. These strategies are primarily the responsibility of the City's Economic Development staff and provide a strong focus for their efforts in the near- to mid-term (within the next five years).

The Plan also recommends "Foundational Strategies" that span multiple functional areas of the City and have positive benefits for the City's general vitality and quality of place. Foundational Strategies are carried out by multiple departments as part of their individual work plans. These actions are critical to creating a physical and regulatory environment that attracts talent and investment.

Each year, the Economic Development staff develops an Action Plan that summarizes the specific tasks, roles, resource requirements and partnerships needed that year to continue delivering on the Plan's recommendations. The 2019 Economic Development Action Plan is attached with up to date performance metrics. The Economic Development staff provide Council with an update on the Action Plan and performance metrics at regular intervals.

The following update primarily highlights work on the Direct Strategies undertaken by Economic Development staff. Updates are laid out by functional program.

Business Recruitment: Attract new companies to Bellevue that align with our economic development strategy, competitive industries, and complement local businesses. (See attached 2018 Office of Economic Development Action Plan.)

- Leads and Prospects: For Q1 of 2019, staff curated one new lead in our target industries, which was developed through City staff efforts. Recruitment work is seasonal, with the majority of new contacts coming in the April through October timeframe. Staff anticipates that more leads and recruitment prospects will be developed during upcoming trips to trade shows by staff, Innovation Triangle partners, and Greater Seattle Partners as part of its contract with the City.
- Economic Development Plan Update: The City of Bellevue adopted its current 5-year Economic Development Plan in July 2014 (“the Plan”). As a strategy, it pushed Bellevue forward into the role of a regional leader in economic development. As we approach the five year anniversary of the Plan, staff recommends updating the plan to incorporate lessons learned, adjust for the growth of the region’s economic activity over the last five years, and address items that reflect the future of economic development in Bellevue. Staff will provide an update on the current Plan’s implementation and present a draft scope of work for the update.

2019 Invest in Bellevue Performance Metrics	2019					
	Yr Goal	Actual	Q1	Q2	Q3	Q4
Number of new company leads	15	1	1	-	-	-
Number of new company prospects	10	0	0	-	-	-
Number of companies that open their first office in Bellevue (target & non-target industries)	4	1	1	-	-	-
Number of jobs created in Bellevue (target & non-target industries)	200	150	150	-	-	-
Foreign Direct Investment (FDI) prospects	10	0	0	-	-	-
FDI locations (expansions and mergers/acquisitions: target & non-target sectors)	2	0	0	-	-	-
FDI job creation (target & non-target sectors)	50	0	0	-	-	-
Number of trade & investment missions	2	0	0	-	-	-

Business Retention & Expansion (BRE): Build supportive relationships with existing businesses and provide technical assistance that facilitates their continued presence and growth in Bellevue. (See attached 2019 Economic Development Action Plan.)

For Q1, staff continued to work with internal and external partners to support the previously announced growth of T-Mobile, Facebook, REI, and other large employers. Staff also met with several smaller, local businesses to help them solve a variety of issues like – non-conforming uses, identifying volunteer opportunities, and growing from a home-based microbusiness into a small retail business.

- 2019 Business Survey: The biennial Business Survey will be live from May to June 2019. The survey directly supports the City’s goal to promote a healthy and vibrant business climate that facilitates the growth, retention and expansion of existing companies. The proactive outreach helps us to better understand Bellevue’s current business climate, identify businesses’ pain points and pride points, and inform the City’s work across multiple departments.

In prior years, the survey has yielded nearly 1,000 responses, with participants feeling positive about Bellevue’s economy and economic trajectory. Past results have highlighted traffic, taxes, housing affordability, commercial space affordability, and parking as the most common concerns among businesses. The Economic Development team will report to Council on this year’s results in Q3 2019.

- **Focus Groups:** Bellevue began its BRE program in 2015 in effort to build relationships with the local business community that provide insight into the pain points, pride points, and future trends that firms plan around, so that Bellevue can make informed decisions about how it maintains a healthy business ecosystem. The outcome is job growth via the expansion of existing companies and the retention of firms considering relocation to another jurisdiction.

Over the last three years, the BRE program has functioned mostly in the form of one-on-one meetings between economic development staff and private firms, with other departments engaged as resource and service providers on an as-needed basis. The model has served the City well, with the retention of several firms and the creation of strong relationships with the business community. However, the current model does not create strong communication channels with or integration with other City departments. It also leads to more formal interactions, rather than the type of informal conversations which lead to a higher level of comfort and familiarity.

In an effort to improve service, add transparency, and build more open communication, staff will pilot a new model in 2019: small issue-, industry-, or stakeholder-based meetings with groups of representatives from different firms.

The focus group model will provide new opportunities for other City workgroups to get specific quantitative and qualitative data that is useful for planning and service delivery. It will also benefit the City’s work by creating new opportunities for the business community to engage with community initiatives that align with their corporate values.

Given that many BRE discussions have referenced transportation as an immediate need, staff chose transportation and real estate as the first meeting’s topic. The meeting was held on January 18 and was co-sponsored by the Bellevue Downtown Association, with direct involvement from several City departments. Participants included representatives from major downtown tech employers.

Attached you will find the summary report that highlights the topics discussed and engagement opportunities given to the firms. The firms’ feedback largely aligns with existing City projects and policies, but provides details for fine tuning and optimization. This activity did not commit the City to any new projects or work items. This information will be presented to the Transportation Commission and Planning Commission in the coming months.

2019 Grow in Bellevue Performance Metrics	2019					
	Yr Goal	Actual	Q1	Q2	Q3	Q4
Number of company visits	5	2	2	-	-	-
Number of major employer visits	5	0	0	-	-	-
Number of focus groups	4	1	1	-	-	-

Number of visits with SWMBE-owned firms	5	3	3	-	-	-
Number of visits with creative businesses	5	1	1	-	-	-
Number of technical assistance cases resolved	15	4	4	-	-	-
Number of companies retained/expanded	2	2	2	-	-	-
Number of jobs created and retained	50	1,375	1,375	-	-	-

Small Business and Entrepreneurship: Enhance the small business and startup ecosystem in Bellevue to facilitate the growth of small business through educational programs.

- Startup 425 Foundations Series: This series provides introductory information to members of the community who are interested in starting a business for the first time. After a strong fall series, a full complement of workshops are running this spring, including six in Bellevue. Workshops began in early March and saw more than 245 registrants for March workshops alone, including 75 in Bellevue. In total, the series will include 26 workshops this spring through June. Residents can sign up online at startup425.org. The 2019 Foundations program will again be produced in partnership with SCORE and the King County Library System. Full reporting on the spring series will be included during the Q2 update to Council.
- Startup 425 Strategic Plan: On March 21, our partners in Kirkland convened the first-ever advisory committee for Startup 425. The group will meet periodically this year to advise the partner communities as they work to develop a strategic plan for the partnership. The group includes small business owners, entrepreneurs, investors, business mentors, and nonprofit partners from across the Eastside, including representatives of Bellevue-based companies, like Ripl, a small local tech startup. The advisory committee will conclude its work in September and staff will present their final recommendations to Council shortly after.
- Small Business Development Center: Bellevue partners with OneRedmond to fund an advisor through the Washington Small Business Development Center. The advisor provides free mentoring and advising services for existing businesses that are growing or seeking to improve their existing operations. The position was vacant for three quarters of last year due to staff turnover and a tight labor market.

The partners recently hired a new advisor, Parteek Singh, who started on March 4, 2019. He will spend the next several months reaching out to local businesses, chambers of commerce, and at local events to introduce himself and promote his services.

2019 Made in Bellevue Performance Metrics	2019					
	Goal	Actual	Q1	Q2	Q3	Q4
Number of new business receiving assistance from SBDC	16	0	0	-	-	-
Number of businesses in Global Passport programs	On Hold	-	-	-	-	-
Number of registrants in Foundations series (Bellevue-only)	180	75	75	-	-	-
Number of registrants in Foundations series (all locations)	800	261	261	-	-	-

Percentage of Foundations registrants that identify as persons of color	50%	50%	48%	-	-	-
Percentage of Foundations registrants that identify as female	50%	66%	68%	-	-	-

Public-Private Partnerships

Port of Seattle grant: CED applied for and was awarded an Economic Development Partnership grant from the Port of Seattle for \$65,000. The regional economic development grant program supports cities across King County in pursuit of the Port’s Century Agenda for tourism growth, sustainability, economic opportunity, and small business. While contracting is still underway, the 2019 grant will support the Cultural and Economic Development team’s work in three areas:

- Bellwether 2019: The Port will fund marketing for Bellwether 2019, the Arts Program’s major multidisciplinary arts festival in September. In part, the program aims to activate the Grand Connection and downtown streets, increase visitors, encourage more people to stay downtown after work, and increase sales at local restaurants, bars, and shops.
- Innovation Triangle: Now entering its third year, the Innovation Triangle is our partnership for business recruitment with Redmond and Kirkland. The Port will fund additional marketing work and our annual business development mission to SelectUSA to meet with international companies interested in opening in the Puget Sound region.
- Grand Connection: In support of the Destination Development Plan and the Grand Connection Framework Plan, the Port will fund a pilot of an activation program along the Grand Connection in downtown Bellevue. The program, which is in development in partnership with the Bellevue Downtown Association, will be deployed this summer and aims to enhance the identity and vibrancy of the route and increase visitors and sales at local restaurants, bars, and shops.

POLICY & FISCAL IMPACTS

N/A

OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

- 2019 Economic Development Action Plan
- Tech Focus Group Follow-up Report
- Startup 425 Annual Report

AVAILABLE IN COUNCIL LIBRARY

Economic Development Plan (adopted 2014)