

CITY COUNCIL AGENDA TOPIC

Economic Development update and engaging with businesses citywide to improve place management.

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EXECUTIVE SUMMARY**DIRECTION**

This is a regular update on ongoing programs of the City's Cultural and Economic Development division and progress on implementing the 2020 Economic Development Plan. In addition, staff is seeking direction from Council to begin engaging with partners and business leaders in Crossroads, Factoria, and Wilburton to identify the right structures and tools to improve place management.

RECOMMENDATION

Direct staff to continue to work with existing district organizations and begin engagement with new partners in Crossroads, Factoria, and Wilburton to identify the appropriate structures and tools for business district management.

BACKGROUND/ANALYSIS

The City supports efforts to grow access to creative and economic opportunities on the Eastside. The division's work focuses more squarely on activities that directly support near-term economic activity like business attraction, public space management and activation, and business district development, while also providing subject matter expertise to workgroups that indirectly support the economy through items like transportation planning and comprehensive planning. In 2020, the Council adopted the updated Economic Development Plan, which provides a framework and set of medium-term objectives to help advance Bellevue's economy with a focus on six core areas:

1. Capacity Building & Partnerships
2. Small Business & Entrepreneurship
3. Workforce
4. Retail
5. Creative Economy
6. Tourism

These topic areas help provide focus for ongoing work on marketing, business attraction, business retention and expansion, cultural programming, and public space management.

EXECUTIVE SUMMARY

Bellevue's economy continues to both improve and be restrained by national economic forces. Interest in office space continues to slowly rebound, unemployment remains low relative to historic averages, and the number of overnight visitors continue to grow healthily. Lingering high interest rates will continue to dampen professional employment growth. This quarterly update focuses on three primary areas: 1) Business District types, 2) BelRed Arts District, 3) Workforce Development.

Market Update

Bellevue's cultural and economic activity has seen positive trends in non-office categories like tourism as shown in Table 1. Staff will provide an update on Bellevue's involvement in the 2026 World Cup and the opportunities for welcoming visitors from around the world.

Macroeconomic headwinds such as layoffs are starting to have noticeable impacts on Bellevue's unemployment rate, see Figure 1. Favorable leasing activity is starting to expand outside of Downtown, pointing to future growth.

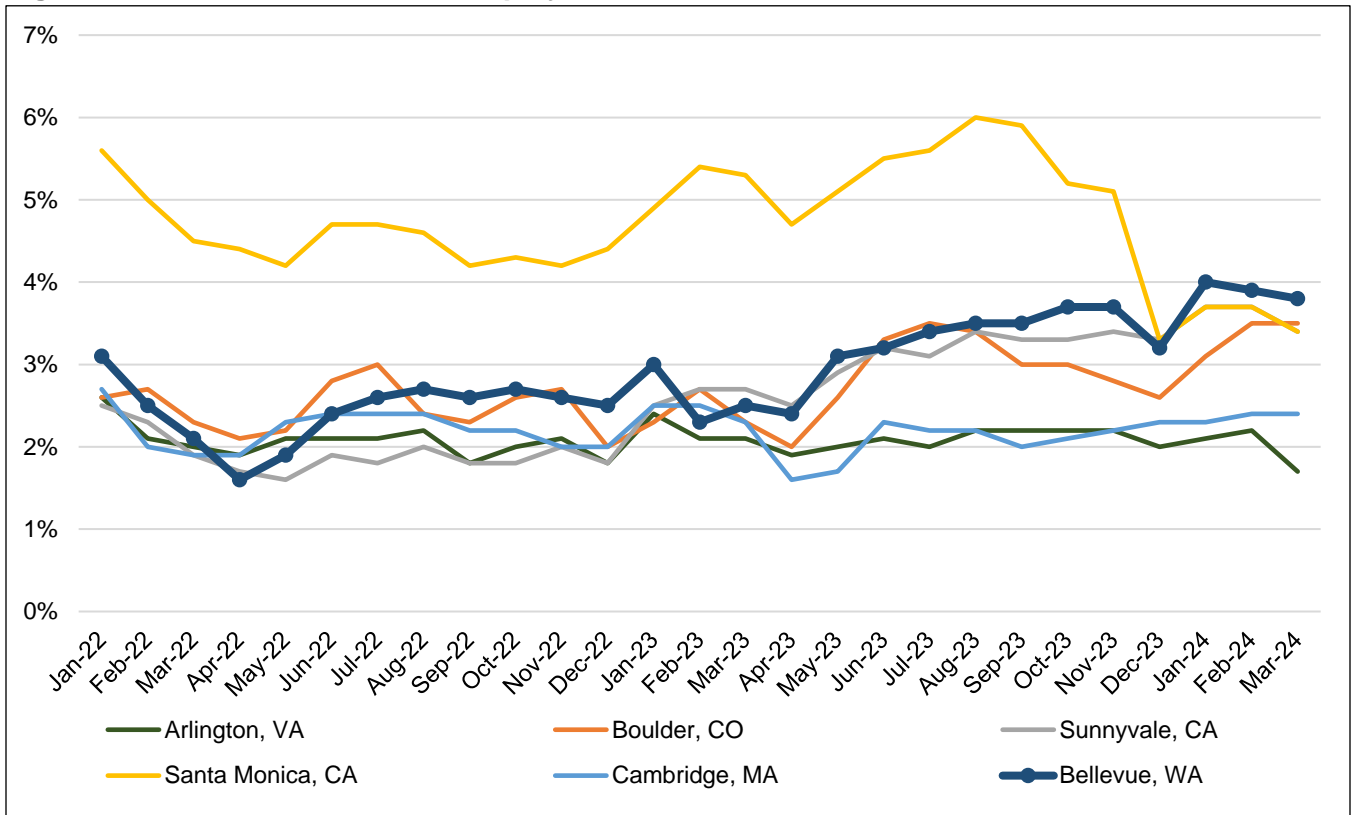
New Leases – 2024 (>40,000 SF)

- Pokémon International Company
- TikTok
- UiPath
- Elevate Outdoor Collective

Additionally, Amazon's decision to complete buildout of their Sonic site is providing the market with additional confidence in addition to the 2 Line starting service in April. Tourism continues to see positive year-over-year trends.

Table 1: Performance Indicators	Q4 2023	Q1 2024
Downtown Office Vacancy	10.7%	11%
Eastgate Office Vacancy	39%	41%
Hotel Occupancy	60%	62%
Unemployment Rate	3.2%	3.8%

Figure 1: National Peer Cities Unemployment Rates



Workforce

As an element of the 2020 Economic Development Plan’s workforce development focus area, CED has undertaken an analysis of the region’s higher education capacity in a number of vital sectors including technology, life sciences, and advanced manufacturing. This study found that the region had a low information technology degrees-to-jobs ratio relative to some peer regions. In these sectors, the Seattle Metropolitan Statistical Area (MSA), which includes Bellevue, is broadly a talent importer, meaning many companies must attract talent from elsewhere in the nation and world to fill open positions.

Region	Tech degrees per 10,000 workers
Seattle MSA	132.4
Boston MSA	259.7
San Francisco MSA	118.1
Dallas-Fort Worth MSA	135.5

This data will be used to inform City efforts to increase higher educational capacity for Bellevue and the wider region, specifically in reference to the Plan’s tactic WF 1.3 “Work with education providers and private industry to create a permanent presence for a four-year research university in Bellevue.”

Business District Management

As mentioned during the March 4 presentation on the retail study, providing more active place management for our major retail and business districts – BelRed, Crossroads, Downtown, Eastgate, Factoria, and Wilburton – is important for improving customer experience and business longevity. Nationwide, there are a wide variety of tools that cities use to support place management.

A key element in successful business districts is having a place management partner, like downtown associations and merchant associations, that can be a bridge between the City and the neighborhood stakeholders. Bellevue is a relatively young city and many of its emerging business districts started out as informal commercial areas. The City is already collaborating with existing local partners to strengthen the unique identities of Bellevue’s retail and business districts and boost the visibility of local businesses. Going forward, the City will benefit from supporting the establishment of organizational partners in areas that currently lack them.

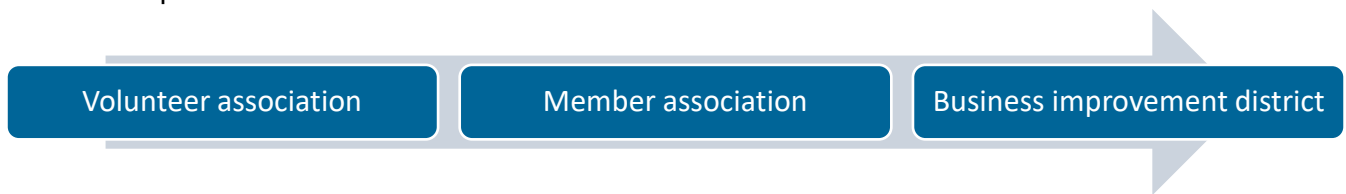
Types of District Management Structures

Across the U.S., there are many different types of place management structures and organizations from grassroots volunteers to formal and professionally staffed. Each fits the unique context of its neighborhood. They broadly fit into the categories outlined in the chart below.

Type	Description	Local Examples
Volunteer associations	<ul style="list-style-type: none"> Based on community interest. Voluntary. Typically bootstrapped; may rely on small donations. Smallest scale and capacity. No, or limited, paid staff. Budgets may fluctuate from year to year. 	Old Bellevue Merchants’ Association, BelRed Arts District Community Alliance
Member associations	<ul style="list-style-type: none"> Voluntary to join but typically incorporate membership benefits. Membership revenue provides stable revenue through the year. Typically incorporate paid staff. 	Bellevue Downtown Association, Bellevue Chamber
Business improvement districts (BIDs)	<ul style="list-style-type: none"> Allows addition of new services (enhanced marketing, “clean and safe” activities, etc.) within a defined area that go above and beyond what a City or association is ordinarily able to deliver. Formed by initiative or resolution. 	U District Partnership, Ballard Alliance, Downtown Tacoma Partnership

	<ul style="list-style-type: none"> • Mandatory for all beneficiaries within a defined area. • Governed by 35.87A RCW. 	
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As a predominantly volunteer-based association grows its capacity and develops, it may adopt a membership model and become a membership association. Further, membership-based organizations interested in further growing their capacity may launch a business improvement district, which has the added benefit of ensuring that all beneficiaries are contributing to services. For this reason, some organizations in other cities incorporate multiple types of entities; for example, the Downtown Seattle Association and the Downtown Everett Association incorporate both a member association and a business improvement district.



Current District Management Partners

The focus of tonight’s staff presentation is on the six areas that host the majority of Bellevue’s retail space, hotels, and employment opportunities, listed in the chart below. Each neighborhood is unique and includes many subareas. For example, the larger BelRed neighborhood has two emerging districts in the BelRed Arts District and the Spring District, each with a distinct identity and vision for the future. Some districts have existing partners, like the Bellevue Downtown Association, now in its 50th year. Because of the City’s youth and history, several areas lack an organized partner to help with place management and marketing.

District	Partner	Type
BelRed	BelRed Arts District Alliance Wright-Runstad/Spring District	Non-profit, volunteer Mandatory, property-owner
Crossroads	None	–
Downtown	Bellevue Downtown Association Old Bellevue Merchants Association	Non-profit, member association Non-profit, volunteer
Eastgate	None	–
Factoria	None	–
Wilburton	None	–

As part of implementing the Economic Development Plan, staff have worked more closely with the two existing associations to grow their capacity and was an early convener of stakeholders to help create the BelRed Arts District Community Alliance.

BelRed Arts District

The quickly-growing visibility of the Arts District is a successful example of how the City can help build capacity in its many districts. Opportunities for discovering and exploring the district have been picking up in recent months. The 2 Line Opening in BelRed organized by the BelRed Arts District Community Alliance drew thousands of new people to the area as performers took the stage and entertained crowds



while guests painted a collaborative community mural and explored creative business booths. Interest in the Arts District is high as shown by the Experience Bellevue Arts District tour selling out in just days. When a second tour was opened it sold out too.

Recent grand openings and arts events

1. August 23, 2023 – Grand Opening for Venture Mechanics Co-Working Space, now a frequent location for Startup 425 events.
2. September 30, 2023 – Grand Opening for FruitWineCo
3. October (full month), 2023 – Everywhere Art Festival by ArtMa
4. November 17, 2023 – BelRed Arts District Community Meeting with over 100 guests and interactive art
5. November 19, 2023 – Grand Opening for Coffee Dance Studio specializing in K-Pop dance
6. January 20, 2024 - Year of The Dragon Season Opener at Yuan Ru Art Center.
7. April 18, 2024 – FruitWine Co starts “Thursday Flight Nights” weekly series with live music

On November 17, the BelRed Arts District Community Alliance held their first community meet and greet for local businesses and organizations, arts advocates, artists, and supporters to build connections. Over 100 visitors attended, to experience live interactive art from Sabin Timalseña and Kokanee Clay Studio and hear presentations from the Community Alliance and City.

Work on action items outlined in the BelRed Arts District Implementation plan will continue, including installation of public artworks and murals, arts business attraction, and visibility initiatives like district signage and promotion.

Next Steps

As shown by the work with BelRed, advancing the capacity building strategies in the ED Plan and the recommendations from the Retail Study requires the City to be a convening partner.

Staff is seeking direction from Council to begin engaging with partners and business leaders in Crossroads, Factoria, and Wilburton to identify the right structures and tools to improve place management. In Downtown and BelRed, staff will continue to support partners’ work to strengthen their

ability to take on new initiatives and capabilities. This includes helping partners that are currently volunteer- or member-based explore the opportunities created through a formal business improvement district.

These efforts aim to improve the quality of place for Bellevue residents, workers, and visitors by creating more diverse and vibrant spaces for shopping and recreation, attracting innovative companies, drawing in more tourists, and boosting retail sales citywide.

POLICY & FISCAL IMPACTS

N/A

OPTIONS

1. Direct staff to continue to work with existing district organizations and begin engagement with new partners in Crossroads, Factoria, and Wilburton to identify the appropriate structures and tools for business district management.
2. Provide alternate direction to staff.

ATTACHMENTS

N/A

AVAILABLE IN COUNCIL LIBRARY

2020 Economic Development Plan
2022 BelRed Arts District Implementation Plan