

April 20, 2015

## CITY COUNCIL STUDY SESSION ITEM

### SUBJECT

First Quarter 2015 Update on Economic Development Activities.

### STAFF CONTACTS

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### POLICY ISSUES

#### Economic Development Plan

City Council adopted a new Economic Development Plan on July 7, 2014. The Plan outlines a set of strategies that are intended to strongly focus the City's economic development efforts, under the overarching vision:

*Bellevue is a prosperous and vibrant international city with innovative and entrepreneurial businesses and a high quality of life for residents.*

Tonight's Study Session will provide Council with an update on the work of the Economic Development Office for the first quarter of 2015. The update will include an overview and activity status of the three economic development program areas—Office Development, Business Attraction, Business Retention and Expansion and Startups/Entrepreneurship—that have been established to implement the Economic Development Plan. In addition, this update will include an overview of the performance metrics that have been established for each of the three program areas. Finally, the update will include an overview of projects and activities for the remainder of 2015.

### DIRECTION NEEDED FROM COUNCIL

- Action
- Discussion
- Information

This quarterly update is being provided for information purposes; no Council action is being requested at this time.

### BACKGROUND/ANALYSIS

In June 2013, the Council launched the process of developing a new Economic Development Plan. The final plan was formally adopted by Council on July 7, 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**. The

implementation framework for the plan summarizes the specific tasks, roles, resource requirements and partnerships needed to move forward.

The following is the third quarterly update on the key economic development activities that took place during January thru March 2015 that will further the overall plan. In addition to the update, a 2015 Economic Development Action Plan is included along with performance metrics. It is the intent of the Office of Economic Development to provide you with an Action Plan update along with updated performance metrics at regular intervals.

## **DIRECT and FOUNDATIONAL ECONOMIC DEVELOPMENT STRATEGIES**

Under the new Plan, “Direct Strategies” are targeted to specific economic development opportunities where the City’s efforts can be most effective. 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 5 years).

A second set of actions called out in the new ED Plan are the “foundational strategies” that cut across multiple areas of City responsibility, and are carried out by departments across the City organization. These actions are critical to creating a climate that attracts talent and investment.

The Direct as well as Foundation strategies have been incorporated into the four economic development program areas in the Office of Economic Development for action as outlined below.

**Office Development:** Provide economic development leadership and support to the City of Bellevue and the region to promote broad-based economic growth based on city-wide and regional collaboration, data supported strategies and a focus on Bellevue’s target industries and sectors.

- **Mission Statement:** To develop and implement sustainable programs that advance job creation and investment, develop human capital, and spur innovation and entrepreneurship in order to build a foundation for prosperity in the community.
- **Economic Development Webpage Update:** ChannelReady has been hired to update the Economic Development Webpage. Anticipated completion date is May 2015.
- **Economic Development Manager:** The interview process is completed and a candidate has been selected for the position. Anticipated start date is early-May 2015.
- **USB Marketing Material:** Customized USB drives and sleeves were developed for the SelectUSA Summit to provide marketing material about the City of Bellevue to foreign companies and governments. The USB cards will be used for future business attraction and business retention and expansion projects.

**Customer Relationship Management:** A cloud-based system to serve as a repository for information about local companies, technical assistance provided to local companies and project management system is currently being implemented.

**Business Attraction:** Attract national and international companies to Bellevue that align with our economic development strategy, growth industries and that complement and support local businesses.

- **SelectUSA Summit 2015:** The second annual SelectUSA Summit brought together investors from all over the world, as well as economic development organizations from

every corner of the United States, high-level government officials, and others working to facilitate investment in the United States. Over 2,500 participants attended the Summit that provided unique networking opportunities, online matchmaking, insight from global CEOs and senior U.S. leaders, and discussions on the latest issues affecting investments.

- Over the course of the two-day conference, the Office of Economic Development met with over 16 foreign companies through SelectUSA's matchmaking program. Three prospects and eight leads were identified. The Office will provide follow-up support to the companies.
- World Mobile Congress: OneRedmond attended the trade show with the Washington State Department of Commerce in Barcelona, Spain. Mobile World Congress is the world's largest annual gathering of mobile and related industry C-Level executives. Approximately 93,000 attendees representing companies and governments attended the event. The City of Bellevue provided marketing material for the trade show event.
- Business Attraction Projects: To date, the Office has responded to two business attraction projects:
  - Project Thunder: Amateur sports event complex.
  - Project Video: Online Benefits/Wellness Services Company.
- Meydenbauer Center Convention Marketing: Identified the following marketing initiatives to market Bellevue in key industry sectors to national and international companies.
  - Power of Play: Interactive Media conference—May 15-16, 2015
  - Secure World: Cyber-security conference—November 2015
- Tourism Master Plan: Economic Development will partner with VisitBellevue in the summer of 2015 to develop a tourism master plan to attract domestic and international tourists and companies to Bellevue.

**Business Retention and Expansion**: Develop and promote a healthy and vibrant business climate in Bellevue that facilitates the growth, retention and expansion of local companies.

- Economic Development Action Team: An internal City departmental team has been established to work directly with relocating and locally expanding businesses to find solutions to City-related issues to promote job creation and investment.
- BRE Partnership with BDA, Bellevue Chamber and Puget Sound Energy: Economic Development intends to establish a partnership to develop a list of companies for BRE visits, services that can be provided to companies, and roles and responsibilities for implementation.
- Major Employer Visits: Economic Development is currently developing a company list for senior-level meetings led by the City Manager with Bellevue's major employers or corporate headquarters to gain a better understanding of the business climate and growth opportunities and challenges.
- Local Company Visits: Economic Development along with our community partners will begin conducting meetings with Bellevue businesses to gain a better understanding of local business climate and growth opportunities and challenges.

- Business Survey: A survey of local businesses will soon be started to obtain their perceptions about City services received in 2014, general perceptions about the City, and general information about the business climate in the City. It is anticipated the survey will be completed in July.

**Next Generation Bellevue**: Foster the development of an entrepreneurial and start-up culture in Bellevue by assisting businesses to start, grow and become successful.

- Impact Hub Bellevue: The City entered into an agreement with Hub Seattle LLC to support entrepreneurial startups in Bellevue. The purpose of Impact Hub is to create an environment to attract and grow business startups. The two-year agreement will repurpose nearly 10,000 square feet of the Lincoln Center North Building (555 116th Avenue NE) as a startup incubator. The space is already up and running and improvements have been made for additional co-working space. In addition, improvements are being made for a conference facility that will be able to accommodate up to 100 guests for discussions on technology startups. ImpactHub is in the process of planning a grand opening for the public in May once the improvements to the conference facility are completed.
- Crowd Funding: HB 2023 (championed by Washington State Representative Cyrus Habib of the 48th Legislative District) exempts the sale of certain small securities from registration under the Securities Act of Washington when the sale is facilitated by county associate development organizations (ADOs) or port districts. The bill, known as the “Washington Jobs Act,” went into effect on June 12, 2014, and was intended to simplify what is commonly known as “crowd funding” for startups through a portal or marketplace process. The City has hired BERK consulting to undertake a survey and recommend best practices for potential City involvement, if any. The consultant’s report will be completed by the end of April with an expected brief to City Council in May.
  - Crowdfunding Workshop (April 22): The City of Bellevue will host a Crowdfunding Workshop on April 22. The purpose of the workshop is to provide the tech startups with information about how crowdfunding could assist them in the development of their startup.
- The City has hosted three tech startup and angel investor groups at City Hall to develop a support network and provide coaching and mentorship to entrepreneurs. Events that the City supported include:
  - Seattle Angel Fund: Focuses on introducing qualified investors to angel investing in local startup. The goal of the Fund is to bring more qualified investors into angel investing to grow and strengthen the startup community.
  - Seattle Technical Forum: The forum is a platform for professionals to collaborate, share ideas, and foster creative brainstorming. It is also a platform for companies to increase their branding and network.
  - StepNW: The organization bridges the gap between experienced workers and the needs of startups for talent to help them with their business needs. The event at City Hall focused on matchmaking sessions to bring experienced tech workers together with startups looking for talent to grow their company. In addition, matchmaking sessions were held between investors and startups.

- University of Washington Global Innovation Exchange: The purpose of the UW Global Innovation Exchange is to promote innovation and support the growing technology ecosystem in the Puget Sound region. Representatives from the City met with Vikram Jandhyala, Vice Provost for Innovation, in February to discuss the status of the Exchange, how the Spring District meets the University's needs, and the timetable for a site selection decision. Staff anticipates a decision on the location of the Exchange by June 2015.

### **2015-2016 Operating Budget**

City Council approved an Operating Budget for 2015-2016 on December 1, 2014. Included are a base program and enhancements; both strongly focus on carrying out the new Economic Development Plan. Some of the proposed enhancements include:

- Work advancing technology entrepreneurship/startups/possible incubator facility
- Further development of Bellevue as international gateway for business recruitment and investment
- Marketing and promotion
- Full funding for VisitBellevue (tourism) proposal at \$55,000/year
- Addition of a second professional economic development position to advance the new Economic Development Plan.

In addition, City Council adopted an Opportunity Fund budget (\$500,000 over two years) to implement key economic development initiatives and activities. Staff is developing a budget for utilizing the Fund.

### **Metrics**

Staff has developed performance metrics for the three program areas of Business Attraction, Business Retention and Expansion and Next Generation Bellevue. The performance metrics for 2015 have been developed to establish a baseline of activity from which to determine performance metrics for future years.

### **CONCLUSION**

Tonight's Study Session is intended to be informational, and is the third in a series of quarterly updates on activities of the Office of Economic Development and implementation of the new Economic Development Plan. No action is requested. Further information on all the above items will be provided at the Council Study Session, and staff welcomes Council comments and questions.

### **ATTACHMENT**

1. 2015 Action Plan Update (January 1-March 31, 2015)

### **AVAILABLE IN COUNCIL DOCUMENT LIBRARY**

Council Adopted Bellevue Economic Development Plan