

CITY COUNCIL STUDY SESSION

Bellevue Economic Development Plan – Discussion on the implementation of the plan and proposed updates.

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DIRECTION NEEDED FROM COUNCIL

DIRECTION

Tonight's Study Session will provide a review of the 2014 Economic Development Plan and a proposal for updating the Plan. Staff requests direction to proceed with the recommended objectives.

RECOMMENDATION

Proceed with an update to the Economic Development Plan based on the recommended objectives.

BACKGROUND & ANALYSIS

The Bellevue City Council adopted the current Economic Development Plan (the Plan) in July 2014. That 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 Strategies and Foundational Strategies. City staff have worked with various partners to implement those strategies over the last five years.

Bellevue's economic growth, the changing needs of Puget Sound businesses, and the evolving nature of major sectors like technology and retail, mean that a strategic update is essential for keeping the community prepared for the future. Based on discussions in February and April 2019, staff recommends the objectives listed on page four of this memorandum, and requests Council direction to proceed to update the Plan based on those objectives.

Defining Economic Development

In general, cities, regions, and states practice Economic Development to improve community living standards, create jobs and opportunities for residents, and generate tax revenue to support the delivery of City services. While strategies vary, common economic development activities include:

- Active recruitment and/or retention and expansion of existing businesses;
- Promotion and assistance for new business creation and expansion;
- Long-term investment in public infrastructure, such as roads, bridges, highways, and rail service;
- Long-term investment in job training, workforce training, and higher education;

- Improvements to civic, social, and cultural infrastructure, including signage, wayfinding, placemaking, events, and marketing; and
- Tourism, convention, and visitor promotion.

If these activities are successful, a community will grow its tax base and grow jobs at all income levels. Ultimately, the intention is to build broad-based community prosperity.

The current Plan pushed Bellevue forward into the role of a regional leader in economic development. It encouraged active, solutions-oriented activities that have reinforced the City's perception as a global hub for business and innovation. The Plan divides economic development work into two categories, Direct Strategies and Foundational Strategies.

Direct Strategies are highly targeted activities that have the most immediate effect on businesses' satisfaction and job count. These strategies are generally short-term and the responsibility of the City's economic development staff and regional economic development organizations like Greater Seattle Partners (GSP) and the Bellevue Downtown Association (BDA). This category of activity provided a strong focus for their efforts over the last 5 years.

Foundational Strategies are those that span multiple functional areas of the City, County, and State, and have positive benefits for the City's general vitality and quality of place. These strategies are implemented by multiple departments as part of their functional work plans in areas like transportation and utilities. These actions are generally long-term oriented and critical to creating a physical and regulatory environment that attracts talent and investment. Economic Development staff advise on these Foundational Strategies and help coordinate when needed but are not responsible for the implementation.

Tonight's discussion will focus on the Direct Strategies category.

Current Plan and Progress on Implementation

The 2014 Plan created four high level Direct Strategies with various actions and implementation tactics to drive the City forward:

1. Cultivate Bellevue's next generation of technology entrepreneurs;
2. Position Bellevue as a Pacific Rim gateway;
3. Strengthen Bellevue's tourism and visitor cluster; and
4. Develop a multi-pronged economic development marketing campaign.

Staff has created the attached Economic Development Plan Progress Report to provide a holistic update on the four strategies and implementation tactics. Overall, implementation of the Plan has gone well with 19 of the 23 tactics successfully in operation or completed.

The City and its partners have completed an admirable number of projects over the last five years and created several new business support programs. The attached Five Year Performance Summary provides a summary of the level of engagement staff has had with the business community. This

activity has contributed to recruiting or retaining over 13,000 jobs, generating over 200 recruitment prospects, attracting a growing amount of foreign business investment, creating ongoing relationships with numerous Bellevue businesses, supported more than 1,000 entrepreneurs, and supported the formation of three new regional programs (Startup425, Innovation Triangle, and Greater Seattle Partners).

Economic Development 4-year performance highlights	Year				
	2015	2016	2017	2018	Total
Number of recruitments leads	52	86	61	39	238
Number of jobs created in Bellevue (target & non-target industries)	686	2,547	90	4,000	7,323
Number of business retention visits	36	30	22	12	100
Number of technical assistance cases resolved	37	51	42	17	147
Number of jobs retained	150	440	20	5,516	6,126
Number of new businesses started with support from the SBDC advisor	3	10	47	18	78
Number of registrants in Foundations series (all locations)	-	-	447	1,317	1,536

Lessons Learned

Over the last five years, the City has significantly increased the way it engages with businesses and the number of channels that businesses have to provide input on City initiatives. This includes a biennial Business Survey, one-on-one meetings with companies, and topic-based focus groups. The City has also worked to get active input from the business community on major plans and initiatives like Creative Edge and the tourism master plan being implemented by Visit Bellevue.

Engagement with the City’s business community at this level has offered a variety of insights into the business ecosystem, pain points, and opportunities for growth. Several lessons learned directly from the business community as well as research on economic trends have helped staff to create the recommendations for the proposed update. Specific lessons learned include:

- Bellevue provides a strong value for money. Employers believe Bellevue’s location, level of amenities, and transportation options balance favorably with the higher cost of doing business. We must continue to provide environments that are clean, safe, attractive, and compelling.
- Infrastructure planning has positioned the City for the future, but tweaks in approach or methods may be necessary to ensure infrastructure delivery matches growth timelines.
- Access to world-class talent continues to be Bellevue’s primary draw for major technology and professional services employers. They choose to create jobs here because of access to a large pool of well educated, future-focused innovators.
- To recruit and retain the best workers, companies must locate offices in areas not just where people want to work, but also where they want to live. This increases the vital importance of arts, culture, retail, food, public events, and other urban amenities in the City’s strategic

planning. These amenities also support a high quality of life for current and future residents.

- Employees, visitors, and residents are looking for more creative activities, events, and resources.
- Employees, visitors, and residents are looking for access to more local retail, food and beverage establishments which are critical to Bellevue's identity, sense of place, and attractiveness to major employers.
- Redevelopment in downtown and BelRed is a challenge for some long-time businesses, especially those that help provide Bellevue's sense of identity.
- Barriers to entry and barriers to growth continue to exist for small businesses of all types.
- Washington State's framework for economic development is radically different than in most of the U.S. This requires Bellevue to be more nimble and more engaged in unique partnerships in order to provide higher levels of service in our major employment centers (BelRed, Crossroads, Downtown, Eastgate, Factoria).

Update Recommendation

As we approach the five-year anniversary of the Plan, staff recommends a focused update to address the lessons learned listed above, recognize the growth of the Eastside's economy over the past five years, and identify growing trends that will affect the future of the City's economic competitiveness, service delivery, and quality of life.

The anticipated growth of major employers like Amazon, Facebook, REI, and others will require the City to meet the needs of additional workers and new residents and provide opportunities for new small businesses that take advantage of the uptick in activity.

In February 2019, staff initiated a discussion with Council on the need for an update. In April 2019, staff presented an initial set of objectives to Council and requested feedback. Based on those discussions, staff has prepared a final list of recommended objectives for the update and requests direction to proceed with the following:

Recommended Objectives

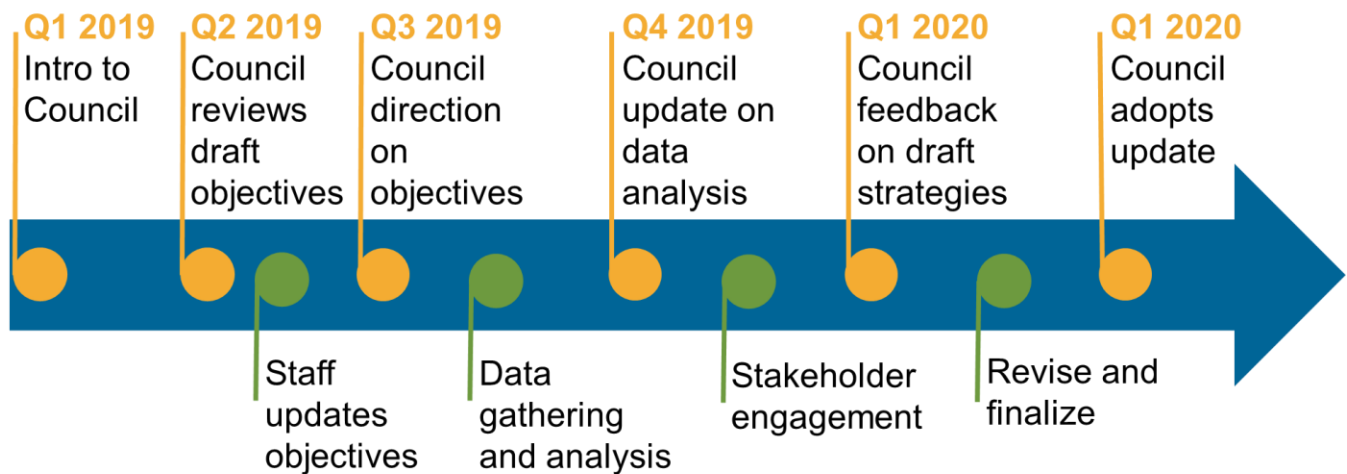
1. Address ways to support the creative economy - arts, culture, and creative businesses - to ensure a high quality of life, and attractiveness for residents, visitors, and businesses.
2. Explore new opportunities to support entrepreneurs and small businesses, especially those of diverse backgrounds, in ways the fit within Washington State's regulatory environment.
3. Acknowledge the ongoing transformation of retail and identify ways the City and its partners can support more robust and sustainable activity.
4. Identify best practices for integrating Bellevue's newer businesses and employees into the local community.

5. Explore capacity-building of partner organizations, new partnerships, and alternative service delivery models that enable Bellevue to provide a higher level of service and support to small businesses, non-profit organizations, and major community events beyond what it the City can do on its own.
6. Integrate tourism work related to the 2017 Destination Development Plan.
7. Make the Plan easier to update by moving to a chapter-based approach which allows more frequent and targeted updates.

Across all sections, the Plan will prioritize implementation by specifically and directly calling out actionable steps and the best organization to implement—whether CED staff, other City departments, or external partners. Topics not covered as part of this update could be covered in the near future.

Project Scope and Timeline

Over the next nine months, staff will work with internal groups, community stakeholders, and consultants to build specific, measurable, and actionable strategies to ensure Bellevue continues to be a leader in economic development. The preliminary timeline is:



POLICY & FISCAL IMPACTS

Policy Impact

This project will update the Economic Development Plan (2014), which, along with the Comprehensive Plan, provides the central policy basis for economic development work conducted by the City. The revised Plan will align with the Comprehensive Plan (no amendments are anticipated), be drafted in consultation with Council, and be approved by the Council prior to adoption.

Fiscal Impact

The project is funded through the existing Cultural and Economic Development 2019-2020 budget.

OPTIONS

1. Proceed with an update to the Economic Development Plan based on the recommended objectives.
2. Provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. Economic Development 5 Year Performance Summary
- B. Economic Development Plan Progress Report

AVAILABLE IN COUNCIL LIBRARY

- A. Economic Development Plan (adopted 2014)