

CITY COUNCIL AGENDA TOPIC

Review of Recommended 2026-2031 Economic Development Plan

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EXECUTIVE SUMMARY

DIRECTION

Tonight's Study Session will provide Council with a presentation on the recommended 2026-2031 Economic Development Plan (EDP), which reflects Council's 2024 Vision & Priorities and extensive stakeholder engagement. Staff seek Council direction to prepare EDP for adoption at a future meeting.

RECOMMENDATION

Consider directing staff to prepare the 2026-2031 Economic Development Plan for Council adoption at a future meeting.

BACKGROUND/ANALYSIS

The City's Economic Development Plan was last updated in 2020. Since then, Bellevue has experienced rapid growth, global economic disruptions, and evolving trends such as remote work and artificial intelligence (AI). In December 2024, Council directed staff to update the plan to ensure Bellevue remains competitive and aligned with the 2044 Comprehensive Plan and Strategic Target Areas (STAs).

History and Process

The update process began with consultant onboarding in early 2025, followed by economic research, benchmarking, community engagement, and strategies development. Staff provided a written progress report on May 13, 2025, covering the hiring of Ernst & Young (EY) as the project consultant and community engagement plans. On September 9, 2025, staff presented results of data analysis and community engagement, as well as the recommended strategic framework. The recommended plan now incorporates those findings and Council's feedback into a strategic framework and actionable strategies.

Key Findings

Over the past five years, Bellevue has continued to grow, and it has continued to perform well compared with similarly sized and similarly positioned peer cities across the country. The city is poised for growth through future economic cycles. The median household income in 2024 was \$158,000, which has been a 39% increase since 2018. Employment data fluctuated over the past few years, while the broader growth trend remains positive. Remote and hybrid work has decreased overall demand for office space, especially in districts with older office buildings such as Eastgate, and Bellevue continues to attract significant domestic and international investment. Like most major U.S. cities, affordability

concerns for residents and small businesses persist and call for the city and its partners to continue being business friendly. Significant opportunities for Bellevue include re-envisioning Eastgate's future through zoning and regulatory changes, growing the life science, AI, and clean tech sectors, and working more intentionally with higher education partners.

Community engagement involved over 400 stakeholders through interviews and focus groups. Positive indicators highlighted by stakeholders included Bellevue's high quality of life, economic growth potential, and strategic location and accessibility. Quality of life spanned multiple topic areas from Bellevue's school system, its level of safety, parks system, and many other factors. Stakeholders highlighted Bellevue's cost of living, cost of doing business, permitting barriers, traffic congestion, and transit connectivity as challenges that may slow growth in Bellevue. Multiple initiatives across the city are actively working to address these challenges and align well with new strategies to further address them. Finally, continued investment and stewardship of the foundational elements of the economy including infrastructure, public safety, and responsive city services was frequently mentioned as a factor that will benefit Bellevue's economy.

September 2025 Council Study Session

The September 9, 2025 progress update to Council included results of data analysis and community engagement, as well as the recommended EDP strategic framework. During the study session, Councilmembers asked questions and shared valuable feedback, including concerns over small business displacement and permitting process, tax competitiveness, AI preparedness, and economic diversity. Staff and the consultants at EY incorporated Council feedback in the development of the recommended strategies and actions.

Recommended 2026-2031 Economic Development Plan

The recommended 2026-2031 EDP represents input from the community, stakeholders, the Council, subject matter experts from across the city, and the best available data and practices. The 2026-2031 EDP (Attachment A) and the more detailed Action Plan (Attachment B) serve to enact the vision and objectives of the city established in both the Council's STAs and Comprehensive Plan (Figure 1).



Figure 1: A simplified diagram illustrating the relationship between the 2026-2031 Economic Development Plan, the Action Plan, and the Council-adopted STAs and Comprehensive Plan.

The City Council identified six objectives within the Vibrant Economy STA. Below is a high-level summary of the strategies nested under each of the six objectives:

- **Diversify Bellevue's Economy (Objective 2.1):** Attract emerging industries such as life sciences and climate tech through targeted recruitment and partnerships with regional organizations. Expand business retention programs to support existing employers and mitigate risks from sector-specific downturns.
- **Support Small Businesses (Objective 2.2):** Create and expand programs to address small business displacement and affordability challenges. Expand Startup 425 programming to strengthen the entrepreneurial ecosystem.
- **Enhance Investment Tools (Objective 2.3):** Implement changes to catalyze mixed-use redevelopment in Eastgate commercial area. Pursue public-private partnerships and advocate for new financing mechanisms.
- **Advance Workforce Development (Objective 2.4):** Collaborate with partners to address disruptions and skills gaps in technology and healthcare. Support programs to reduce employment barriers.
- **Promote Equity and Inclusion (Objective 2.5):** Expand programs connecting historically marginalized communities to training and entrepreneurship resources. Track progress through metrics on median household income, educational attainment, and minority business ownership.
- **Strengthen Arts and Cultural Tourism (Objective 2.6):** Develop affordable creative spaces for arts organizations and events. Collaborate with partners to increase overnight visitors from 2.2 million to 3 million by 2031 and grow admissions tax revenue.

The strategies in this plan are further refined in the associated Economic Development Action Plan which provides specific tactics to guide staff's implementation of the strategies. The action plan is reviewed and updated on a biennial basis by city staff and the City Manager. The plan also sets metrics, such as adding 22,000 jobs by 2031, reducing Eastgate's office vacancy from 41% to 20%, increasing minority business ownership from 36% to 50%, and achieving an 8% annual increase in event attendance. Moving forward, formal updates to Council on plan progress will occur twice per year.

POLICY & FISCAL IMPACTS

Policy Impact

The EDP aligns with Bellevue's 2044 Comprehensive Plan and provides a roadmap for economic resilience and inclusive growth. It supports Council's STAs for Vibrant Economy, High Quality Built & Natural Environment, and Thriving People & Communities. The Plan also complements housing, transportation, and other citywide plans and initiatives.

Fiscal Impact

The Economic Development Plan aims to catalyze further activity in Bellevue that creates jobs, fosters economic activity, and attracts new businesses in ways that support individuals and city revenues. The adopted 2025-2026 City Budget includes funding to support the implementation of projects and programs through the biennium. Future fiscal impacts will be considered as part of the 2027-2028 biennium budget.

OPTIONS

1. Direct staff to prepare the 2026-2031 Economic Development Plan for Council action at a future meeting.
2. Provide alternative direction to staff.

ATTACHMENTS

- A. Recommended 2026-2031 Economic Development Plan
- B. Economic Development Action Plan
- C. Data Analysis and Community Engagement Report

AVAILABLE IN COUNCIL LIBRARY

Economic Development Plan, 2020-2025